Aberdeen Asian Income Fund Limited

Annual Report
31 December 2015

Aberdeen

Aberdeen's office in Singapore

Contents

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

2015 Financial Highlights

Launched in December 2005, Aberdeen Asian Income Fund Limited (the "Company") is registered with limited liability in Jersey as a closed-end investment company under the Companies (Jersey) Law 1991 with registered number 91671. The Company's Ordinary Shares are listed on the premium segment of the London Stock Exchange.

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

The Company is governed by a board of directors, the majority of whom are independent, and has no employees. Like other investment companies, it outsources its investment management and administration to an investment management group, the Aberdeen Asset Management group of companies, and other third party providers. The Company does not have a fixed life.

Dividend per Ordinary share

8.50p

2014 8.00p

Earnings per Ordinary share – basic (revenue)

9.11p

2014 8.24p

Ordinary share price total return[A]

–16.8%

2014 +6.7%

[A] 1 year return

Net asset value total return[A]

–9.9%

2014 +7.6%

[A] 1 year return

MSCI AC Asia Pacific ex Japan Index (currency adjusted)[A]

–3.9%

2014 +9.5%

[A] 1 year return

(Discount)/premium to net asset value per Ordinary share

–6.8%

2014 1.0%

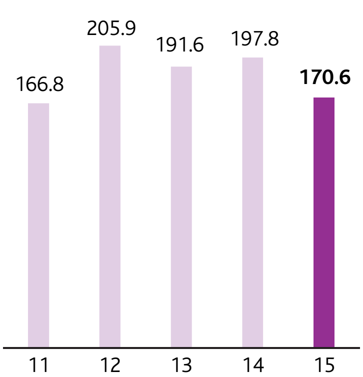
Ongoing charges

1.25%

2014 1.25%

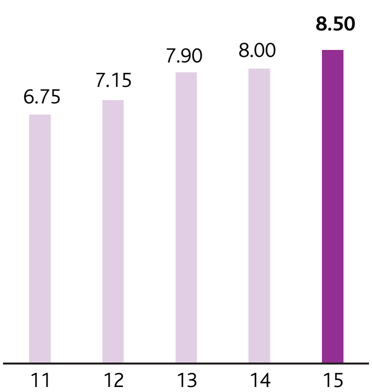
Dividends per share

At 31 December - pence



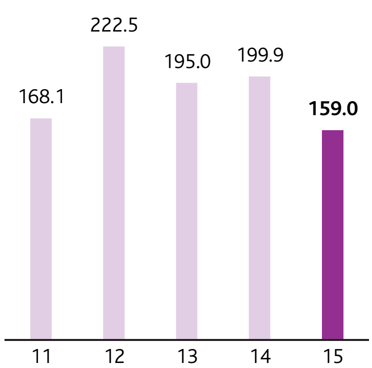
Net asset value per share

At 31 December - pence



Mid-market price per share

At 31 December – pence



Investment Objective

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

Summary Investment Policy

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

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

The Company's investment policy is flexible, enabling it to invest in all types of securities, including equity shares, preference shares, debt, convertible securities, warrants and other equity-related securities. The Company is free to invest in any particular market segments or any particular countries in the Asia Pacific region.

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

Gearing

The Board is responsible for determining the gearing strategy for the Company. The Board has restricted the maximum level of gearing to 25% of net assets although, in normal market conditions, the Company is unlikely to take out gearing in excess of 15% of net assets.

Risk Diversification

The Company aims to achieve a spread of investments, with no single investment representing more than 20% of assets at the time of investment. The Company seeks to diversify its portfolio across a range of industries and economies within the Asia Pacific region.

Management

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

Financial Calendar

18 February 2016	Payment of fourth interim dividend for year ended 31 December 2015
31 March 2016	Announcement of results for year ended 31 December 2015
11 May 2016	Annual General Meeting at 1st Floor, Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier, Jersey JE2 3QB at 10.30 a.m.
23 May 2016	Payment of first interim dividend for year ending 31 December 2016
21 August 2016	Payment of second interim dividend for year ending 31 December 2016
August 2016	Announcement of half yearly results for the six months ending 30 June 2016
17 November 2016	Payment of third interim dividend for year ending 31 December 2016
19 February 2017	Payment of fourth interim dividend for year ending 31 December 2016

Chairman's Statement

Peter Arthur
Chairman

Background and Overview

There is no disguising that last year was a difficult one, both for the region and for your Company. 2015 will be remembered for extreme volatility in global stock markets, with China the epicentre of it. During the first half, share prices benefited from flush liquidity and on the mainland, the A-share market soared as trading rules with Hong Kong and Taiwan were eased and speculative activity spiked. However, the rally, financed in large part by margin lending to retail investors, unravelled in the third quarter as share prices grew disconnected from fundamentals and valuations became overstretched amid uncertainty surrounding China's weaker growth prospects. The subsequent sell-off reverberated globally. Beijing's often bungled policy responses compounded market jitters, notably the unexpected devaluation of the Chinese currency in August, which was misconstrued as an orchestrated attempt to boost export competitiveness. This renewed fears over a currency war, leading to a further weakening in Asian currencies. Meanwhile, slowing Chinese economic activity generated worries over commodities demand, which, coupled with global oversupply, caused oil prices to fall to 11-year lows. Equity markets earned some reprieve in the final three months, rebounding on hopes of further fiscal and monetary easing. This helped mitigate full-year declines. In addition, December was the first time in nearly a decade that the Federal Reserve hiked interest rates, removing a key source of uncertainty over US-policy normalisation that had afflicted sentiment in Asia and emerging markets for much of the year.

Against this backdrop, your Company's net asset value per Ordinary Shares ("NAV") fell by a disappointing 9.9%, trailing the 3.9% decline in the MSCI All Country Asia Pacific ex-Japan Index. The share price fell by 16.8% on a total return basis to 159.0p over the same period. While the one-year performance was poor, the Company's longer-term returns remain encouraging; over a five-year period, the NAV rose 24.1% versus the index's gain of 7.0%. The share price traded at a discount to NAV of 6.8% at the end of 2015, compared with a premium to NAV of 1.0% the year before. At the time of writing the Ordinary Shares are trading at a discount of 9.2% to the prevailing exclusive of income NAV.

Your Company's significant exposure to Southeast Asia hampered returns over the year. By region, Southeast Asia was the hardest hit, with most markets registering double-digit declines, made worse by adverse currency movements. In trade-reliant Thailand, persistently poor export numbers weighed on sentiment. Singapore, a traditionally defensive market, was also pressured by the challenging external environment, while its housing sector continued to be under pressure from ongoing property curbs and rising borrowing costs. Malaysia and Indonesia suffered from the commodity plunge. Domestic issues also contributed to roiling their markets: debt woes at Malaysian state investment vehicle 1MDB added to uncertainty, while confidence over reforms waned in Indonesia. Despite these macroeconomic challenges, your Investment Manager remains confident of the quality and prospects of the businesses we hold in this region. On the other hand, North Asia was more resilient over the year, particularly Japan. The country bucked the regional downtrend as its equity market remained relatively firm. Its central bank kept its asset-purchase programme in place and public pension funds shifted more assets into equities. This was augmented by the yen's strength against sterling. Having languished in the previous reporting period, the currency rebounded as investors sought a safe haven amid heightened global risk aversion

Dividends

Four quarterly dividends were declared over 2015. The first three were paid at the rate of 2.0p totalling 6.0p which, when added to the fourth dividend of 2.5p, represented an overall increase of 6.25% for the year to stand at 8.5p. In the year to 31 December 2015, after deducting the payment of the fourth interim dividend, approximately £1.0 million has been transferred to the Company's revenue reserves which now amount to £8.5 million (approximately 4.4p per share).

Overall, your Company's holdings across sectors are generally in good financial shape. They are conservatively managed and boast solid balance sheets. Many continue to pay out dividends from operating cash flow, which should remain intact despite the challenging operating environment. That said, a number of companies could see tougher times ahead, given the cyclicality of their businesses, which could lead to lower absolute dividend distributions. Your Investment Manager will remain supportive should the management of these companies cut dividends as it is a prudent measure to strengthen capital bases, which will prove beneficial to growing their businesses over the long term. A number of sectors, notably energy and resources, may experience more pain amid weak demand. Nevertheless, the current struggles are not new and the more well-run businesses have adapted to the slowing environment of the last few years, while maintaining their market leadership.

Notwithstanding the challenging environment and in the absence of unforeseen circumstances, it is your Board's intention to declare four quarterly dividends during the current year totalling at least 8.5p per share. In the event of there being insufficient earnings during the year in order to pay a fully covered dividend, then the shortfall will be made up either from revenue reserves or capital profits.

Share Capital Management and Gearing

During the year, 500,000 new Ordinary Shares were issued at a premium to the prevailing NAV. In the latter part of the year the Ordinary Shares started to trade at a discount to the NAV and the Company bought in 1,807,000 shares for treasury with a further 100,000 shares having been bought in for cancellation. Subsequent to the year end we have continued to buy-in shares and a total of 3,213,000 further shares have been acquired.

During the period the Company entered into a new three year £10,000,000 term facility (the "Facility") with Scotiabank Europe PLC ("Scotia"). The Facility is in addition to the existing £30,000,000 multicurrency revolving facility with Scotiabank (Ireland) Limited which is due to mature in April 2017. £10,000,000 has been drawn down under the Facility and fixed for three years to March 2018 at an all-in rate of 2.2175%. The Company's total gearing at the period end amounted to the equivalent of £39.9 million representing net gearing of 8.9%.

Directorate

Dr Armstrong retired from the Board following the conclusion of the Annual General Meeting ("AGM") in May 2015 and we welcomed Ms Krystyna Nowak as a new Director. Krystyna is Managing Director of the Board Practice and a Member of the Executive Management Team at Norman Broadbent therefore bringing useful international and governance experience to the Board.

As part of the Board's on-going succession planning, Mr Baxter has indicated that he intends to retire from the Board at the AGM to be held in May 2016 and will not be seeking re-election. On behalf of the Board I would like to thank Duncan for his support, wise counsel and dedication to the Company since its launch in 2005 and latterly as Senior Independent Director. I am pleased to report that Andrey Berzins has agreed to become Senior Independent Director following the AGM. The Nomination Committee has initiated a search for a new Jersey based Director and the Company will update shareholders further on this in due course.

AGM

Your Company's AGM will be held at 10.30 a.m. on 11 May 2016 at the Company's registered office, 1st Floor, Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier JE2 3QB. Your Board looks forward to meeting as many shareholders as possible. If you are unable to attend the AGM, I would encourage you to vote by returning your proxy (or letter of directions if you invest via the Aberdeen Savings Plans) which is enclosed with the Annual Report and financial statements.

Outlook

Investors remain very much on edge, given the rocky start to 2016. Worries have surfaced over whether the US Federal Reserve moved prematurely with its rate hike, since economic data have shown fresh signs of faltering. Oil's descent to below US$30 a barrel has also triggered a new round of concerns, although most Asian economies should benefit from cheaper fuel. Reduced price pressures also allow regional central banks to ease monetary policy further, should the need arise. Separately, most countries have beefed up their foreign exchange reserves and are now more able to withstand potential shocks that may arise from heightened volatility, particularly in currency markets.

Further tremors in Chinese equities have also spooked investors. Concerns surrounding the mainland economy are valid but they are not new and run the risk of being overblown. While growth rates are not what they used to be, at around 6.9% they are still fairly robust. More important, the shift to a services and consumption-based economy from one that is investment-led remains on track. In the long run, this translates into better-quality growth. The process will not be trouble-free but Beijing still has lots of policy tools at its disposal to help ease the transition.

Lastly, your Board believes that the long-term attraction of investing in Asia remains intact. The region is home to two-thirds of the world's population, the middle class is

Chairman's Statement continued

still expanding, and political and business frameworks have improved tremendously. Businesses with market leadership, clear growth strategies and well-tested management will be best placed to tap the region's potential. Your Company's holdings have solid balance sheets and have acted prudently in the current low-growth environment, positioning themselves for an earnings recovery and good dividend growth over the longer term.

I look forward to reporting to you again with the Half Yearly Report to 30 June 2016, which will be issued to shareholders around the end of August 2016. Those shareholders who wish to keep up to date with developments between formal reports may wish to view the monthly factsheet and other useful information relating to the Company at asian-income.co.uk.

Peter Arthur
Chairman

31 March 2016

Strategic Report

The Company is registered with limited liability in Jersey as a closed-end investment company.

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

The Company maintains a diversified portfolio of investments, typically comprising in the region of 50 holdings (but without restricting the Company from holding a more or less concentrated portfolio from time to time).

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The Company was launched in December 2005 and has just celebrated its tenth anniversary.

View from Aberdeen's Hong Kong office

Overview of Strategy

Business Model

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

The business of the Company is that of an investment company and the Directors do not envisage any change in this activity in the foreseeable future.

Investment Policy

Asset Allocation

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

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

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

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

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

Typically, the portfolio will comprise around 50 holdings (but without restricting the Company from holding a more or less concentrated portfolio in the future). At 31 December 2015 there were 56 holdings in the portfolio.

Risk Diversification

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

In addition, the Company will not:

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

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

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

Gearing Policy

The Board is responsible for determining the gearing strategy for the Company. The Board has restricted the maximum level of gearing to 25% of net assets although, in normal market conditions, the Company is unlikely to take out gearing in excess of 15% of net assets. Gearing is used selectively to leverage the Company's portfolio in order to enhance returns where and to the extent this is considered appropriate to do so. Borrowings are generally short term, but the Board may from time to time determine to incur longer term borrowings where it is believed to be in the Company’s best interests to do so. Particular care is taken to ensure that any bank covenants permit maximum flexibility of investment policy.

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

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

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

Duration

The Company does not have a fixed life.

MSCI AC Asia Pacific (ex Japan) Index

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

Key Performance Indicators (KPIs)

The Board uses a number of financial performance measures to assess the Company's success in achieving its objective and determine the progress of the Company in pursuing its investment policy. The main KPIs identified by the Board in relation to the Company which are considered at each Board meeting are as follows:

KPI	Description
Dividend Payments per Ordinary Share	The Board's aim is to seek to grow the Company's dividends over time. Dividends paid over the past 10 years are set out on page 13.
Performance and NAV	The Board considers the Company's NAV total return figures to be the best indicator of performance over time and these are therefore the main indicators of performance used by the Board. A graph showing the total NAV return against the MSCI AC Asia Pac. (ex Japan) Index is shown on page 13.
Performance against MSCI AC Asia Pac. (ex Japan) Index	The Board also measures performance against the MSCI AC Asia Pac. (ex Japan) Index. Graphs showing performance are shown on page 13. The Board also monitors performance relative to competitor investment companies over a range of time periods, taking into consideration the differing investment policies and objectives employed by those companies.
Share price (on a total return basis)	The Board also monitors the price at which the Company's Shares trade relative to the MSCI AC Asia Pac. (ex Japan) Index on a total return basis over time. A graph showing the total share price return against the Index is shown on page 13.
Discount/Premium to NAV	The discount/premium relative to the NAV per share represented by the share price is closely monitored by the Board. The objective is to avoid large fluctuations in the discount/premium relative to similar investment companies investing in the region by the use of share buy backs or the issuance of new shares, subject to market conditions. A graph showing the share price premium/(discount) relative to the NAV is also shown on page 13.
Ongoing Charges Ratio	The Board monitors the Company's operating costs carefully. Ongoing charges for the year and previous year are disclosed on page 12.
Gearing	The Board aims to ensure that gearing is kept within the Board's guidelines to the Manager.

Overview of Strategy continued

Risk Management

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board has undertaken a robust review of the principal risks and uncertainties facing the Company including those that would threaten its business model, future performance, solvency or liquidity. Those principal risks are disclosed in the table below together with a description of the mitigating actions taken by the Board. The principal risks associated with an investment in the Company's Shares are published monthly on the Company's factsheet or they can be found in the pre-investment disclosure document published by the Manager, both of which are available on the Company's website. The Board reviews the risks and uncertainties faced by the Company in the form of a risk matrix and heat map at its Audit Committee meetings and a summary of the principal risks are set out below.

Description	Mitigating Action
Investment strategy and objectives – the setting of an unattractive strategic proposition to the market and the failure to adapt to changes in investor demand may lead to the Company becoming unattractive to investors, a decreased demand for shares and a widening discount.	The Board keeps the level of discount and/or premium at which the Company's Shares trade as well as the investment objective and policy under review and in particular holds periodic strategy meetings where the Board reviews updates from the Investment Manager, investor relations reports and the Broker on the market. In particular, the Board is updated at each Board meeting on the make up of and any movements in the shareholder register. Details of the Company's discount control mechanism are disclosed in the Directors' Report on page 32 and 33.
Investment portfolio, investment management – investing outside of the investment restrictions and guidelines set by the Board could result in poor performance and inability to meet the Company's objectives.	The Board sets, and monitors, its investment restrictions and guidelines, and receives regular Board reports which include performance reporting on the implementation of the investment policy, the investment process and application of the Board guidelines. The Investment Manager attends all Board meetings.
Financial obligations - the ability of the Company to meet its financial obligations, or increasing the level of gearing, could result in the Company becoming over-geared or unable to take advantage of potential opportunities and result in a loss of value to the Company's Shares.	The Board sets a gearing limit and receives regular updates on the actual gearing levels the Company has reached from the Investment Manager together with the assets and liabilities of the Company and reviews these at each Board meeting.
Financial and Regulatory – the financial risks associated with the portfolio could result in losses to the Company. In addition, failure to comply with relevant regulation (including Jersey Company Law, the Financial Services and Markets Act, the Alternative Investment Fund Managers Directive, Accounting Standards and the FCA's Listing Rules, Disclosure and Prospectus Rules) may have an impact on the Company.	The financial risks associated with the Company include market risk, liquidity risk and credit risk, all of which are mitigated in conjunction with the Investment Manager. Further details of the steps taken to mitigate the financial risks associated with the portfolio are set out in note 16 to the financial statements. The Board relies upon the Aberdeen Group to ensure the Company's compliance with applicable law and regulations and from time to time employs external advisers to advise on specific concerns.
Operational – the Company is dependent on third parties for the provision of all systems and services (in particular, those of the Aberdeen Group) and any control failures and gaps in these systems and services could result in a loss or damage to the Company.	The Board receives reports from the Investment Manager on internal controls and risk management at each Board meeting. It receives assurances from all its significant service providers, as well as back to back assurance from the Investment Manager at least annually. Further details of the internal controls which are in place are set out in the Directors' Report on page 30 and 31.

Promoting the Company

The Board recognises the importance of communicating the long-term attractions of your Company to prospective investors both for improving liquidity and enhancing the value and rating of the Company's Shares. The Board believes an effective way to achieve this is through subscription to and participation in the promotional programme run by the Aberdeen Group on behalf of a number of investment companies under its management. The Company also supports the Aberdeen Group's investor relations programme which involves regional roadshows, promotional and public relations campaigns. The purpose of these initiatives is both to communicate effectively with existing shareholders and to gain new shareholders with the aim of improving liquidity and enhancing the value and rating of the Company's Shares. The Company's financial contribution to the programmes is matched by the Aberdeen Group. The Aberdeen Group Head of Brand reports quarterly to the Board giving analysis of the promotional activities as well as updates on the shareholder register and any changes in the make up of that register.

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge in order to allow the Board to fulfill its obligations. When Board positions become available as a result of retirement or resignation, the Company ensures that a diverse group of candidates is considered. At 31 December 2015, in respect of gender diversity specifically there were five male Directors and one female Director. The Company has no employees.

Environmental, Social and Human Rights Issues

The Company has no employees as it is managed by Aberdeen Private Wealth Management Limited. There are therefore no disclosures to be made in respect of employees.

Global Greenhouse Gas Emissions

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

Viability Statement

The Company does not have a formal fixed period strategic plan but the Board formally considers risks and strategy at least annually. The Board considers the Company, with no fixed life, to be a long term investment vehicle, but for the purposes of this viability statement has decided that a period of three years is an appropriate period over which to report. The Board considers that this period reflects a balance between looking out over a long term horizon and the inherent uncertainties of looking out further than three years.

In assessing the viability of the Company over the review period the Directors have focussed upon the following factors:

- The principal risks detailed in the Strategic Report on page 10
- The ongoing relevance of the Company's investment objective in the current environment
- The demand for the Company's Shares evidenced by the historical level of premium and/or discount
- The level of income generated by the Company
- The liquidity of the Company's portfolio
- The flexibility of the Company's £39.9 million loan facilities which mature in April 2017 and March 2018

Accordingly, taking into account the Company's current position, the fact that the Company's investments are mostly liquid and the potential impact of its principal risks and uncertainties, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due for a period of three years from the date of this Report. In making this assessment, the Board has considered that matters such as significant economic or stock market volatility, a substantial reduction in the liquidity of the portfolio, or changes in investor sentiment could have an impact on its assessment of the Company's prospects and viability in the future.

Future

Many of the non-performance related trends likely to affect the Company in the future are common across all closed ended investment companies, such as the attractiveness of investment companies as investment vehicles, the impact of regulatory changes (including MiFID II and Packaged Retail Investment and Insurance Products) and the recent changes to the pensions and savings market in the UK. These factors need to be viewed alongside the outlook for the Company, both generally and specifically, in relation to the portfolio. The Board's view on the general outlook for the Company can be found in my Chairman's statement on pages 5 and 6 whilst the Investment Manager's views on the outlook for the portfolio are included on page 15.

Peter Arthur
Chairman
31 March 2016

Results

Financial Highlights (capital return)

	31 December 2015	31 December 2014	% change
Total assets (see definition on page 76)	£369,285,000	£414,538,000	–10.9
Total equity shareholders' funds (net assets)	£329,432,000	£384,868,000	–14.4
Market capitalisation	£309,944,000	£388,824,000	
Share price Ordinary share (mid market)	159.00p	199.88p	–20.5
Net asset value per Ordinary share	170.58p	197.84p	–13.8
(Discount)/premium to net asset value per Ordinary share	(6.8%)	1.0%	
MSCI AC Asia Pacific ex Japan Index (currency adjusted, capital gains basis)	518.46	560.65	–7.5
Net gearing[A]	8.9%	6.8%	
Dividend and earnings			
Total return per Ordinary share[B]	(18.86p)	14.17p	
Revenue return per Ordinary share[B]	9.11p	8.24p	+10.6
Dividends per Ordinary share[C]	8.50p	8.00p	+6.3
Dividend cover per Ordinary share	1.07	1.03	
Revenue reserves[D]	£8.49m	£7.25m	
Ongoing charges[E]			
Ongoing charges ratio	1.25%	1.25%	

[A] Calculated in accordance with AIC guidance "Gearing Disclosures post RDR" (see definition of "Net Gearing" on page 76).
[B] Measures the relevant earnings for the year divided by the weighted average number of Ordinary shares in issue (see Statement of Comprehensive Income).
[C] The figure for dividends reflects the years in which they were earned (see note 8 on page 55).
[D] The revenue reserves figure takes account of the fourth interim dividend amounting to £4,812,000 (2014 – fourth interim amounting to £5,058,000).
[E] Ongoing charges have been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses divided by the average cum income net asset value throughout the year.

Performance (total return)

	1 year % return	3 year % return	5 year % return	Since launch[A] % return
Share price (Ordinary)	–16.8	–19.4	+13.7	+129.5
Net asset value	–9.9	–5.5	+24.1	+151.2
MSCI AC Asia Pacific ex Japan Index (currency adjusted)	–3.9	+7.1	+7.0	+118.8

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

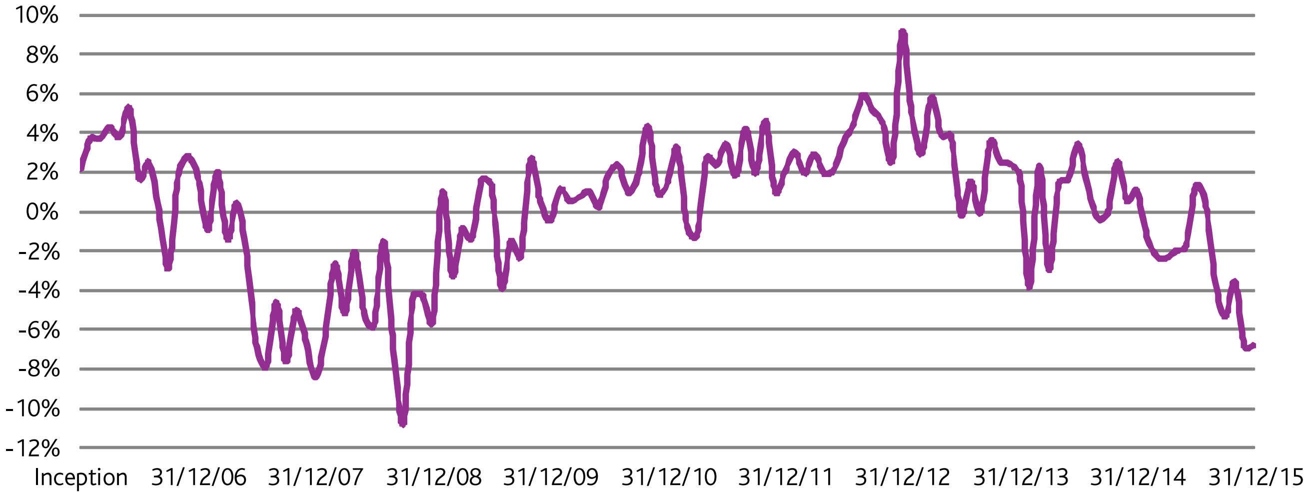
Dividends per Ordinary Share

	Rate	xd date	Record date	Payment date
First interim 2015	2.00p	30 April 2015	1 May 2015	22 May 2015
Second interim 2015	2.00p	16 July 2015	17 July 2015	21 August 2015
Third interim 2015	2.00p	22 October 2015	23 October 2015	17 November 2015
Fourth interim 2015	2.50p	21 January 2016	22 January 2016	18 February 2016
2015	**8.50p**			
First interim 2014	1.80p	30 April 2014	2 May 2014	16 May 2014
Second interim 2014	1.80p	16 July 2014	18 July 2014	22 August 2014
Third interim 2014	1.80p	23 October 2014	24 October 2014	17 November 2014
Fourth interim 2014	2.60p	22 January 2015	23 January 2015	18 February 2015
2014	**8.00p**			

Performance

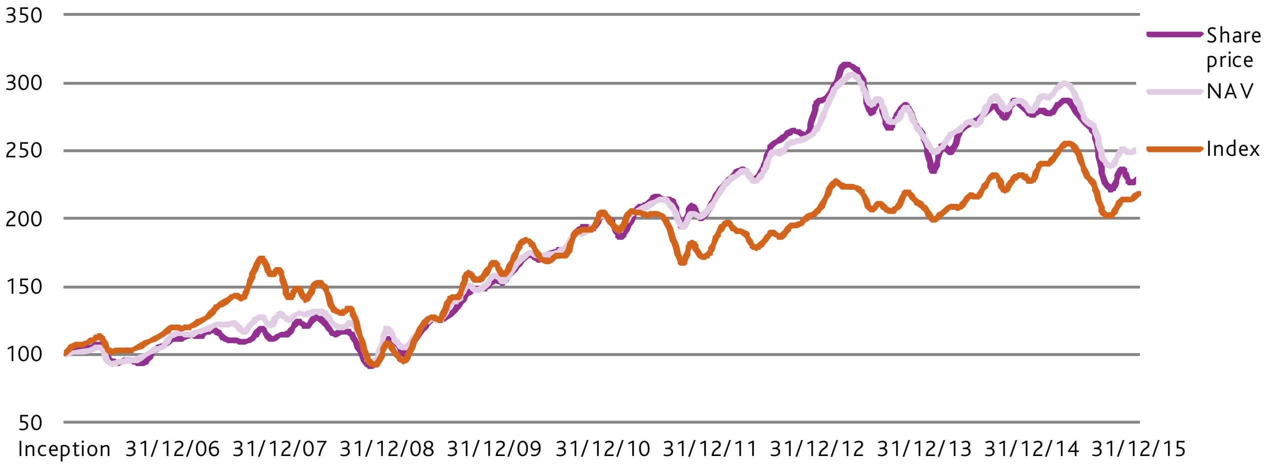
Share Price Premium/(Discount) to Diluted NAV

Launch (20 December 2005) to 31 December 2015



Total Return of Ordinary Share Price and Ordinary Share NAV vs MSCI AC Asia Pacific ex Japan Index

Launch (20 December 2005) to 31 December 2015 (rebased to 100 as at 20/12/05)



Ten Year Financial Record

Year to 31 December	2006[A]	2007	2008	2009	2010	2011	2012[B]	2013	2014	2015
Total revenue (£'000)	7,028	7,772	7,965	7,680	10,285	11,878	15,052	18,736	19,333	21,216
Per Ordinary share (p)										
Net revenue return	5.08	5.45	5.69	5.54	7.31	7.44	8.31	8.23	8.24	9.11
Total return	13.45	15.72	(10.80)	37.47	43.52	3.36	46.87	(6.69)	14.17	(18.86)
Net dividends payable	4.50	4.75	4.75	5.00	6.00	6.75	7.15	7.90	8.00	8.50
Net asset value per Ordinary share (p)										
Basic	112.15	123.48	108.01	140.63	176.35	166.77	205.90	191.56	197.84	170.58
Diluted	112.15	122.90	108.01	137.19	167.85	164.78	203.92	n/a	n/a	n/a
Equity shareholders' funds (£'000)	123,369	134,841	117,129	154,398	208,154	231,946	311,287	371,117	384,868	329,432

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

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

Investment Manager's Review

Overview

Asian equities experienced a poor year in 2015. Stock markets faced three worries: China's decelerating economy was the most significant, followed by falling commodity prices and an imminent unwinding of monetary policy in the US that appeared out of step with the rest of the world still mired in sub-optimal growth.

China's stellar first-half rally suffered a startling reversal in the second half. The Chinese market had been a major source of underperformance earlier in the year because of the portfolio's underweight exposure. But the subsequent sharp correction, which came on the heels of a government clamp down on market speculation, proved beneficial. Linked to this was the perception that the Chinese authorities were less than competent, evident in the series of policy U-turns following the stockmarket meltdown. Their attempts to gradually liberalise the world's second largest economy conflicted directly with the leadership's need to control outcomes. Inevitably, investors recoiled from markets with significant mainland trading ties, including Thailand, Indonesia and Singapore, all of which fell sharply.

Also playing a significant role in the underperformance were supply-side factors. These included Saudi Arabia's aggressive push to retake market share in oil, and the jostle for dominance among commodity giants. These key players had persisted with pursuing record output despite weak demand, breaking the basic tenets of free market economics. Prices plunged to fresh lows not seen in decades. As a result, those reliant on commodities were roiled, particularly the companies with exposure to these sectors.

Finally, the spectre of normalising interest rates in the US sent shivers across the region all year, until the Federal Reserve finally pushed the button in December. While there was some relief as the uncertainty finally lifted, fresh worries arose over how this would affect companies and nations with significant US-dollar debt. In the run up to the rate hike, many companies, especially those with massive projects in mining and oil, halted plans and mothballed half-completed projects.

Performance Review

During the review period, on a total return basis, the Company's NAV fell by 9.9% and the share price declined by 16.8%, compared to the benchmark MSCI AC Asia Pacific ex Japan Index's fall of 3.9%. Stockmarkets were highly volatile in 2015, as a less-than-assured Chinese leadership in the face of stuttering economic growth took centre stage, along with the prospect of the divergent central bank policies. While most major central banks held rates at record lows amid the slow-growth environment, the eventual US rate hike resulted in the US dollar rising at the expense of most Asian currencies. However, the portfolio's holdings continued to pay out steady dividends from operating cash flow on the back of still decent earnings growth, while their balance sheets have remained robust.

A key area of underperformance was the portfolio's overweight exposure to Singapore. The market lagged the region and faced sustained selling pressure because its open and trade-reliant economy seemed susceptible to the problems in both China and the commodities sector. Also hurting performance was the local market benchmark's sizable exposure to financials, which included the banking and property sectors. Notably, the local property market has been in a rut for some time, hamstrung by market-cooling measures. Nevertheless, we continue to like Singapore despite the prevailing headwinds because of its diversity of good quality companies with businesses that have linkages to the rest of the region. Overall, our holdings there still have the wherewithal to maintain their dividend payout ratios, while the sharp decline in their share prices has only made their valuations and yield appear compelling.

At the stock level, our exposure to the Singapore lenders, **Oversea-Chinese Banking Corporation**, **United Overseas Bank** and **DBS Group** also detracted from relative returns. They were largely affected by the poor sentiment arising from China's unexpected yuan devaluation, but their fundamentals have stayed largely intact. The management of these banks have maintained their asset quality and they remain well capitalised. We are comfortable with holding them over the longer term. Another Singapore holding that detracted was conglomerate **Keppel Corporation**. Although its rig-building business has come under pressure because of fears that a major Brazilian client may default amid the oil price rout, its other businesses have stayed resilient, especially its property arm.

In the resources sector, **BHP Billiton** and **Rio Tinto** continued to face soft commodity prices, which seem unlikely to see a turnaround in the near term. It is worth noting that both **BHP** and **Rio** are the lowest cost producers in the sector and their cashflows remain good. They have also been resolute in their strategy of maintaining record output to flush out less efficient players. Already, several companies have been hit by the fallout and more business failures are expected as financing becomes costlier and tighter amid waning profitability. We feel that **Rio's** asset base and balance sheet strength should enable it to take advantage of the opportunities arising from sector consolidation. In comparison, **BHP** was compelled to absorb an impairment charge for its exposure to US shale oil and understandably, its management has grown more cautious.

Another notable detractor was **Standard Chartered**, which is committed to a comprehensive overhaul. In the past 12 months, it has rejuvenated its board and replaced senior management with fresh faces, led by CEO Bill Winters. In addition, it has imposed a new discipline on its lending activities and has implemented significant changes that should put the bank in good stead.

In comparison, holdings that contributed to relative outperformance were the US dollar corporate bonds that included **Yanlord Land**, **Green Dragon Gas**, and **DFCC Bank**, as Asian credit markets remained well bid. Other fixed income instruments that added to performance were Indonesia's Bank **OCBC NISP** and India's **ICICI Bank**, which are denominated in their respective currencies.

Also benefiting the portfolio were our Hong Kong holdings, textile producer **Texwinca** and shoe manufacturer **Kingmaker Footwear**. **Texwinca's** recent results exceeded expectations while its retail operations have become profitable again. The company is streamlining its assets and recently sold a property in Shanghai. The move boosted its cash buffer by another HK$250 million and raised hopes of a special dividend. Separately, **Kingmaker**, one of the world's leading contract manufacturers of leisure and sports shoes, counts Asics, Clarks and New Balance among its clients. Its most recent results were underpinned by a recovery in orders and pricing which, in turn, lifted profit margins. Its decision to shift part of its production to Vietnam some time ago seems prescient now as it stands to benefit from the nation's membership in the recently signed Trans Pacific Partnership. Both companies have strong cash generation and net-cash balance sheets that enable them to continue paying out decent dividends.

Another stand out during the period was Singapore-listed **Venture Corporation**. The electronics contract manufacturer's results were boosted by the strength of the US dollar, together with sales growth in its medical, as well as test and measurement segments. It has remained relatively resilient despite a sell-off among its Taiwanese rivals, helped in part by its strategic move into more niche businesses with higher profitability and less intense competition, such as 3D printing. **Venture's** stable margins and solid balance sheet have allowed it to maintain a good dividend yield.

Portfolio Activity

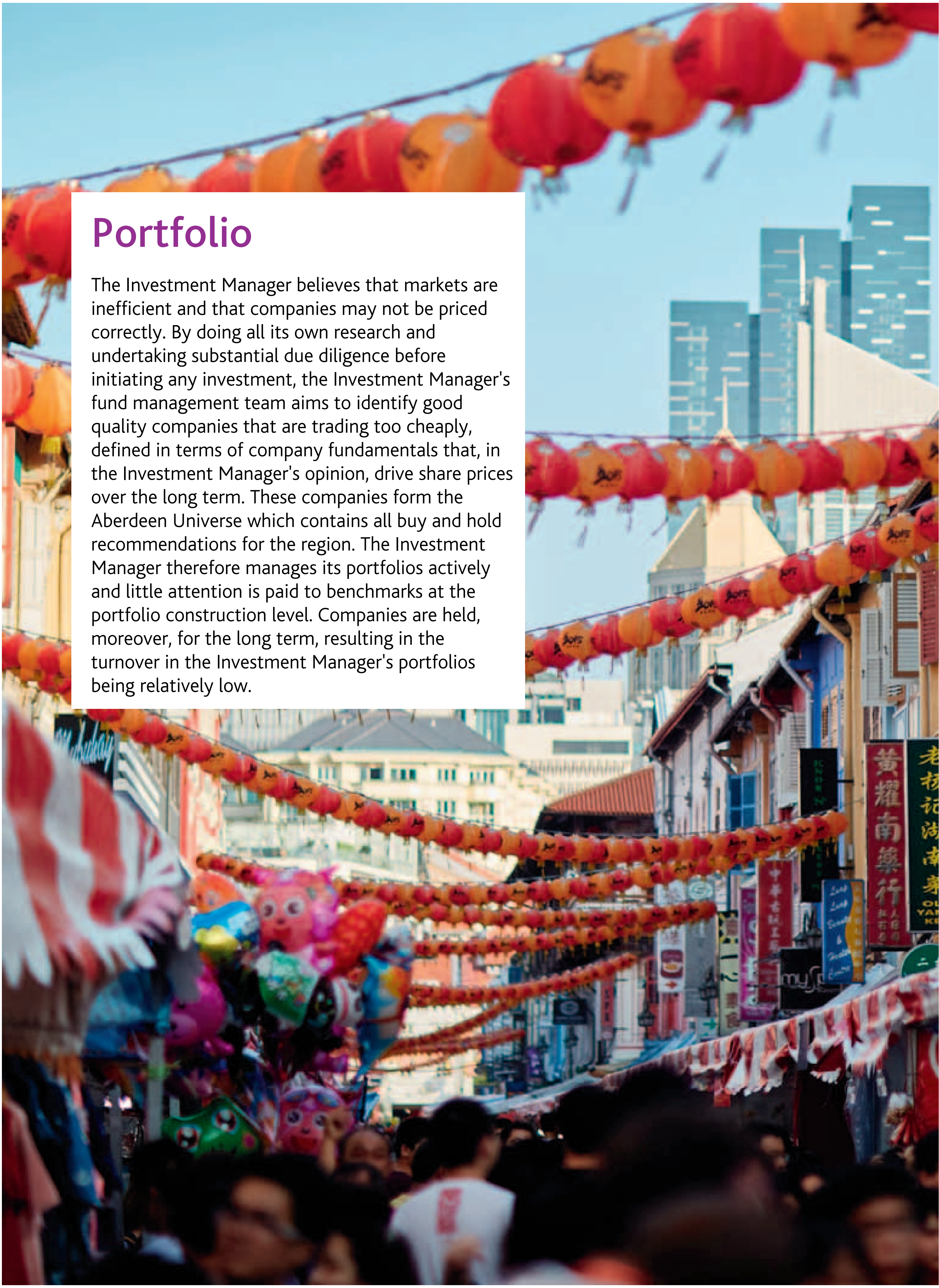
In portfolio activity, we sold **Woolworths**, given its full valuations and rising uncertainty in an increasingly tough operating environment. It faces intense competition and remains hampered by major restructuring, which is still ongoing. Earlier in the first half, we had divested **Singapore Post** following a solid run, as its dividend yield no longer appeared attractive. We also took profits from holdings in **Yingde Gases** bonds and **Yanlord Land** bonds, which held up better than the rest of the portfolio, and top-sliced **Tesco Lotus Retail Growth Fund**, whose share price outpaced its peers. After the review period your Manager divested the holding in **BHP Billiton** on concerns that the company would move away from its progressive dividend policy.

Outlook

We expect Asian equities to continue being buffeted by the same few factors: China, commodity prices and the pace of US interest rate increases. Corporate earnings, particularly in the energy and mining sectors, will continue to come under pressure due to low commodity prices. However, we do not expect the fundamentals of the portfolio's holdings to deteriorate. Their management are prudent and unlikely to resort to short termism by paying out dividends from financial engineering. Instead, they will continue to use free cashflow, which should remain strong. While pay-out ratios may remain unchanged, the absolute amounts could slide in tandem with lower earnings. In certain situations, some companies may decide to preserve capital by paring dividends. We will stand by the companies that employ this sensible strategy, especially as it ensures their long-term wellbeing.

Over the longer term, the worries over China, commodity prices and US interest rates should give way to more positive trends. China's move to end its dependence on exports and manufacturing has already started to bear fruit, with its services sector accounting for the lion's share of the economy for the first time last year. While its leadership appears less self-assured, it should get better over time. The near-term turbulence is necessary as the economy transitions to a consumption-led one, and the multi-year restructuring still has quite some way to go. Meanwhile, lower energy prices are likely to buoy consumption in Asia. This is already happening in the US, where crude oil's decline has resulted in a windfall for consumers and car sales in December broke a 15-year record. When this trend spreads across Asia and to the rest of the world, global consumption should rebound and in so doing, lift the world economy out of its present doldrums. It must be remembered that US interest rates have gone up only because its economy has improved to a point where the Fed is starting to worry about inflation. In our estimation, it is a happy problem to have and underscores a growing optimism.

Aberdeen Asset Management Asia Limited
31 March 2016



Portfolio

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

Aberdeen's office in Singapore

Ten Largest Investments

As at 31 December 2015

Company	Industry	Country	Valuation 2015 £'000	Total assets[A] %	Valuation 2014[B] £'000
HSBC Holdings One of the world's largest banking and financial services institutions with global operations. Its roots and the majority of its earnings derive from Asia and, after several poor acquisitions in Europe and the USA, it has been refocusing back to its origins.	Banks	Hong Kong	12,975	3.5	13,545
Venture Corporation Provides contract manufacturing services to electronics companies. The company's major segments include Printing & Imaging and Networking & Communications and it has been increasing its revenue contribution from Original Design Manufacturing.	Electronic Equipment, Instruments & Components	Singapore	12,648	3.4	12,268
Oversea-Chinese Banking Corporation A well-managed Singapore bank with a strong capital base and impressive cost-to-income ratio, which has recently acquired a mid-sized bank in Hong Kong. In addition to its core banking activities it has sizeable wealth management and life assurance divisions.	Banks	Singapore	12,576	3.4	15,159
Singapore Telecommunications A regional telecommunications company, with a combined mobile subscriber base of more than 285 million customers from its own operations in Singapore and Australia, and regional associates in India, Philippines, Thailand, Indonesia, Pakistan and Bangladesh.	Diversified Telecommunication Services	Singapore	11,936	3.2	12,835
Ausnet Services AusNet services owns and operates electricity transmission and electricity and gas distribution assets in Victoria, Australia.	Electric Utilities	Australia	10,952	3.0	10,148
Swire Pacific (Class A and Class B shares) A long-established Hong Kong based conglomerate with operations spanning real estate, aviation (Cathay Pacific), beverages (Coca-Cola bottling) and marine services.	Real Estate Management & Development	Hong Kong	10,487	2.8	11,523
Taiwan Mobile The leading provider of cellular telecommunications services in Taiwan. Although predominantly a wireless network operator, the company also sells and leases cellular telephony equipment.	Wireless Telecommunication Services	Taiwan	10,183	2.8	10,488
Canon Canon is one of Japan's largest electronics companies with a globally recognized brand that develops, manufactures and markets a line-up of copying machines, printers, cameras and industrial and other equipment.	Technology Hardware Storage & Peripherals	Japan	10,053	2.7	9,962
China Mobile The number one operator in China providing cellular telecommunication services, boasting both a strong balance sheet and healthy cash flows.	Wireless Telecommunication Services	China	9,799	2.7	11,101
British American Tobacco Malaysia Manufacturer & marketer of tobacco products in Malaysia through BAT's international brands such as Dunhill and Lucky Strike.	Tobacco	Malaysia	9,733	2.7	10,501
Top ten investments			**111,342**	**30.2**	

Portfolio

Other Investments

As at 31 December 2015

Company	Sector	Country	Valuation 2015 £'000	Total assets[A] %	Valuation 2014[B] £'000
Telstra	Diversified Telecommunication Services	Australia	9,399	2.6	10,653
Jardine Cycle & Carriage	Distributors	Singapore	8,778	2.4	9,764
United Overseas Bank	Banks	Singapore	8,601	2.3	11,431
Taiwan Semiconductor Manufacturing Corporation	Semiconductors & Semiconductor Equipment	Taiwan	8,500	2.3	9,346
Commonwealth Bank of Australia	Banks	Australia	8,446	2.3	8,616
Singapore Technologies Engineering	Aerospace & Defence	Singapore	8,206	2.2	9,352
Australia & New Zealand Bank Group	Banks	Australia	8,167	2.2	7,961
Electricity Generating	Independent Power and Renewable Electricity Producers	Thailand	7,969	2.2	8,974
Spark New Zealand	Diversified Telecommunication Services	New Zealand	7,532	2.0	7,621
Tesco Lotus Retail Growth	Real Estate Investment Trusts	Thailand	7,498	2.0	8,392
Top twenty investments			194,438	52.7	
DBS Group	Banks	Singapore	7,312	2.0	9,129
Guinness Anchor	Beverages	Malaysia	7,265	1.9	7,846
Yanlord Land Group	Real Estate Management & Development (Corporate Bond)	China	6,888	1.8	8,478
QBE Insurance Group	Insurance	Australia	6,687	1.8	6,325
Giordano International	Speciality Retail	Hong Kong	6,667	1.8	5,255
Keppel Corporation	Industrial Conglomerates	Singapore	6,217	1.7	8,557
Scentre Group	Real Estate Investment Trusts	Australia	6,051	1.6	5,371
Far East Hospitality Trust	Real Estate Investment Trusts	Singapore	5,850	1.6	7,311
Bank OCBC NISP	Banks (Corporate Bond)	Indonesia	5,831	1.6	–
Texwinca Holdings	Textiles, Apparel & Luxury Goods	Hong Kong	5,744	1.6	756
Top thirty investments			258,950	70.1	
Siam Cement[C]	Construction Materials	Thailand	5,258	1.4	5,309
Hana Microelectronics	Electronic Equipment, Instruments & Components	Thailand	5,074	1.4	4,955
Green Dragon Gas	Oil, Gas & Consumable Fuels (Corporate Bond)	China	4,961	1.3	4,690
BEC World	Media	Thailand	4,897	1.3	8,466
CDL Hospitality Trust	Real Estate Investment Trusts	Singapore	4,864	1.3	6,426
Advanced Information Services	Wireless Telecommunication Services	Thailand	4,666	1.3	7,339
Shopping Centres Australasia	Real Estate Investment Trusts	Australia	4,503	1.2	4,167
Standard Chartered	Banks	United Kingdom	4,469	1.2	5,711
Keppel REIT	Real Estate Investment Trusts	Singapore	4,343	1.2	3,981
Li & Fung	Textiles, Apparel & Luxury Goods	Hong Kong	4,299	1.2	5,852
Top forty investments			306,284	82.9	

Other Investments continued

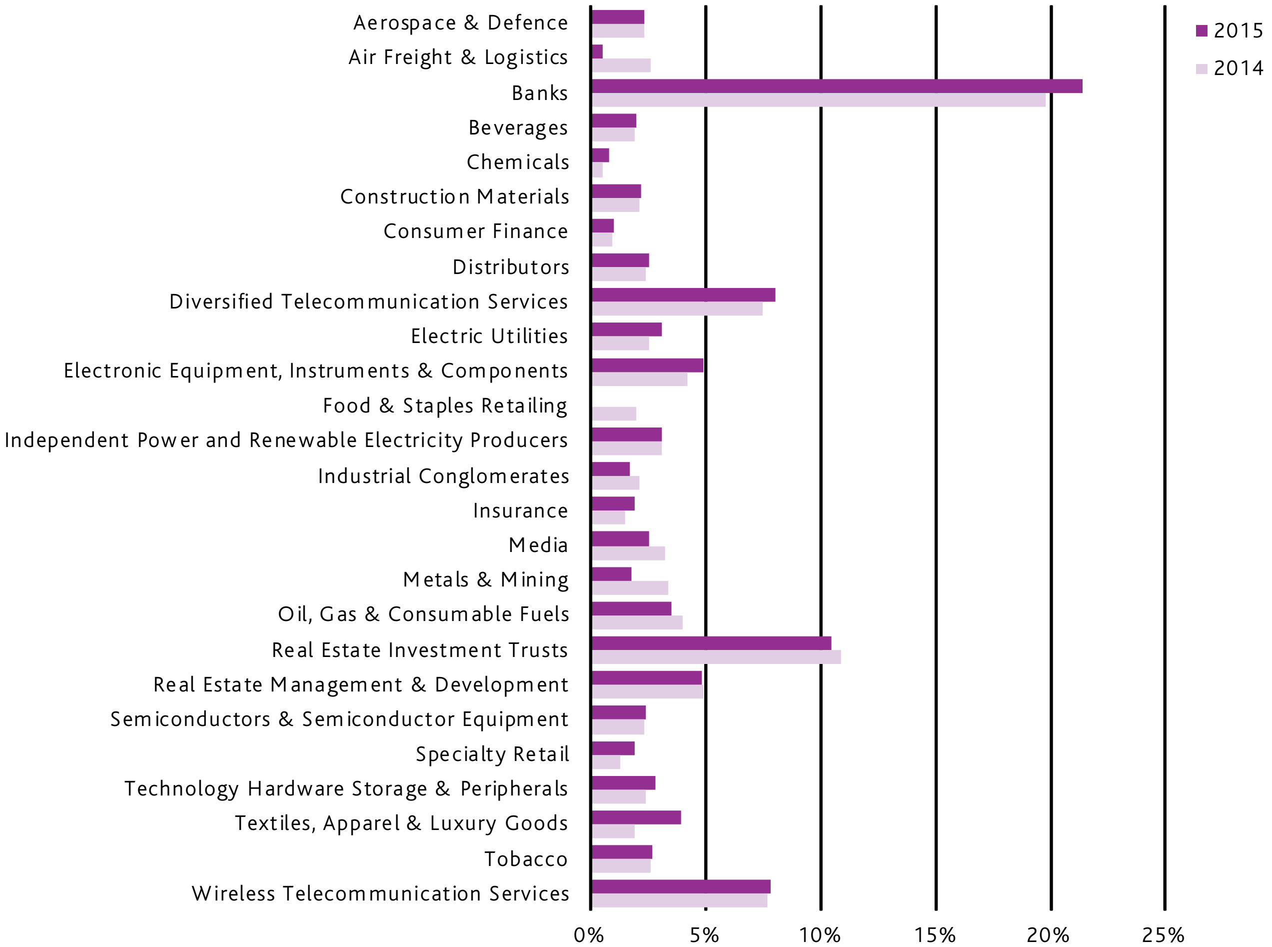
Company	Sector	Country	Valuation 2015 £'000	Total assets[A] %	Valuation 2014[B] £'000
DFCC Bank	Banks (Corporate Bond)	Sri Lanka	4,285	1.2	6,271
Rio Tinto[D]	Metals & Mining	Australia	4,157	1.1	5,700
Westfield Corporation	Real Estate Investment Trusts	Australia	4,131	1.1	4,161
Star Media	Media	Malaysia	4,037	1.1	4,625
Kingmaker Footwear	Textiles, Apparel & Luxury Goods	Hong Kong	3,851	1.1	1,182
ICICI Bank	Banks (Corporate Bond)	India	3,826	1.0	3,729
Hong Leong Finance	Consumer Finance	Singapore	3,406	0.9	3,863
PetroChina (H share)	Oil, Gas & Consumable Fuels	China	3,107	0.9	4,967
Okinawa Cellular Telephone	Wireless Telecommunication Services	Japan	3,066	0.8	2,894
Ratchaburi Electricity	Independent Power and Renewable Electricity Producers	Thailand	3,029	0.8	3,894
Top fifty investments			343,179	92.9	
Yingde Gases	Chemicals (Corporate Bond)	China	2,947	0.8	2,119
CNOOC Ltd	Oil, Gas & Consumable Fuels	China	2,893	0.8	3,540
Lafarge Malaysia	Construction Materials	Malaysia	2,437	0.7	3,115
South32[D]	Metals & Mining	Australia	1,990	0.6	–
Pos Malaysia	Air Freight & Logistics	Malaysia	1,929	0.5	5,223
Indo Tambangraya Megah	Oil, Gas & Consumable Fuels	Indonesia	1,564	0.4	3,304
Total value of investments			**356,939**	**96.7**	
Net current assets[E]			**12,346**	**3.3**	
Total assets[A]			**369,285**	**100.0**	

[A] See definition on page 76.
[B] Purchases and/or sales effected during the year will result in 2014 and 2015 values not being directly comparable.
[C] Holding includes investment in common and non-voting depositary receipt lines.
[D] Listing held in United Kingdom.
[E] Excludes bank loans of £29,853,000.

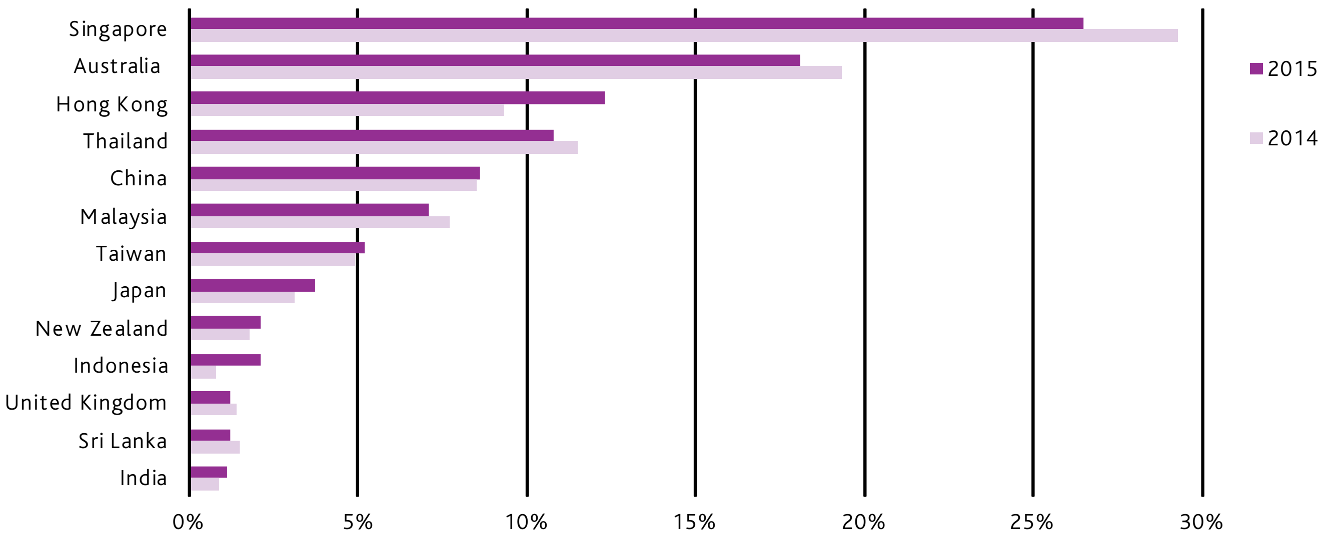
Sector/Geographical Analysis

As at 31 December 2015

Sector Breakdown by value

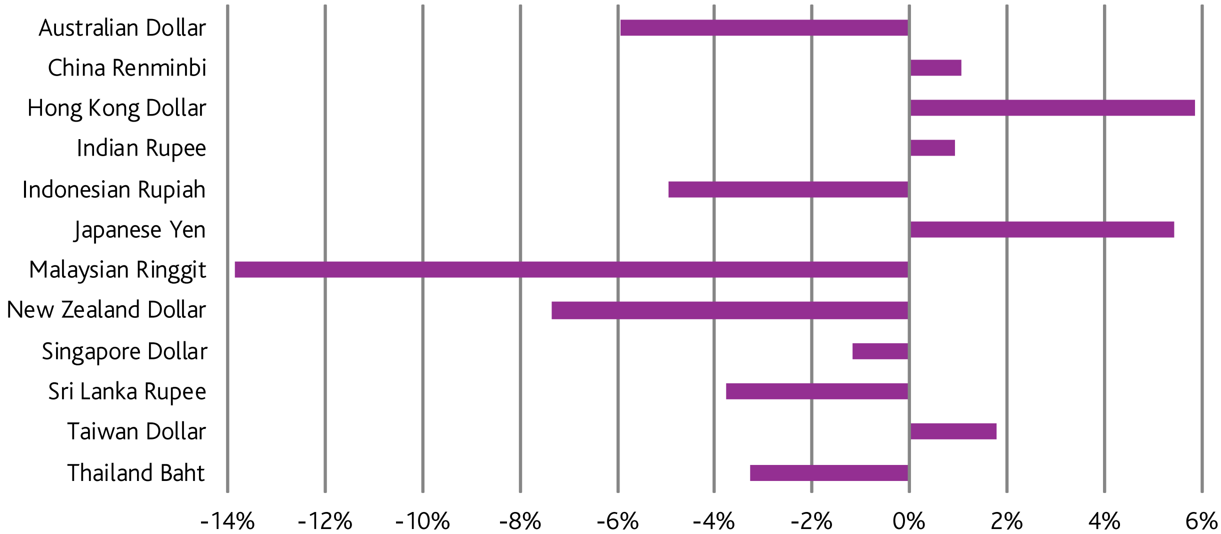


Geographic Breakdown by value

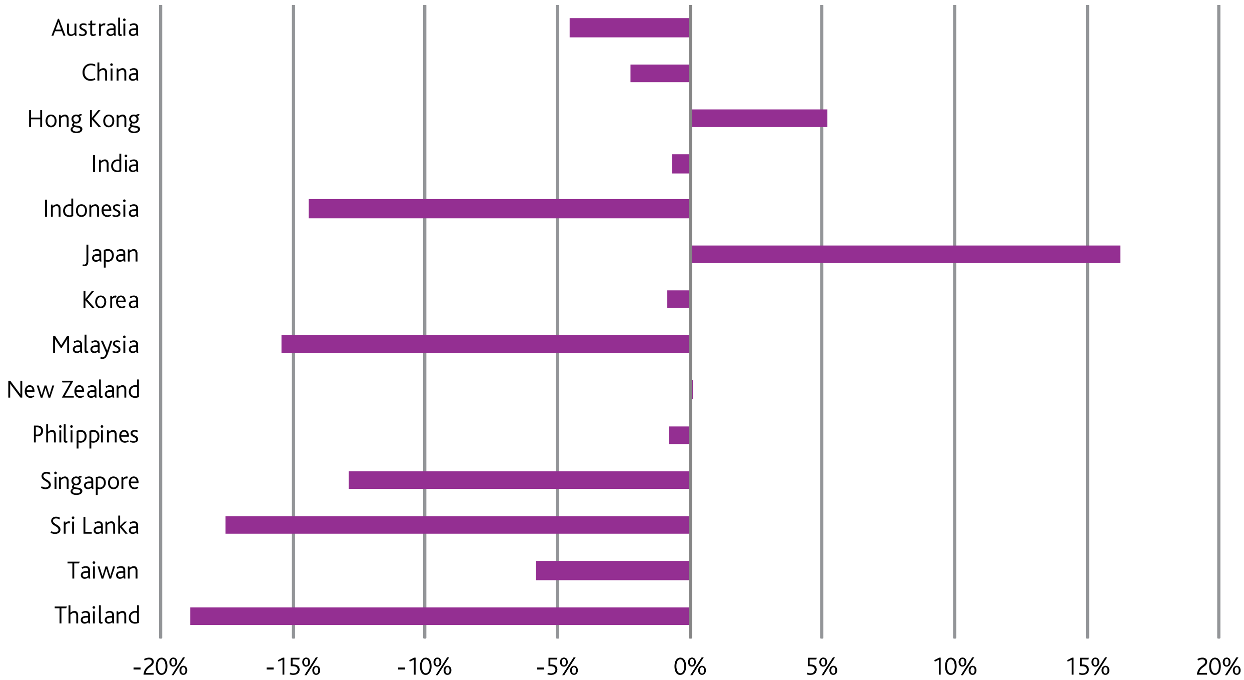


Currency/Market Performance

Currency Returns (in sterling terms)



MSCI Country Index Total Returns (in sterling terms)



Governance

The Company is registered with limited liability in Jersey as a closed-end investment company. The Company is committed to high standards of corporate governance and applies principles identified in the UK Corporate Governance Code and the AIC Code of Corporate Governance for Jersey-domiciled member companies.

A majority of the Directors is independent of the Company and Manager and free of any material relationship with the Investment Manager.

Singapore skyline

Your Board of Directors

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

Peter Arthur

Status: Independent Non-Executive Director and Chairman

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

Last re-elected to the Board: 7 May 2015

Experience: Qualified as a solicitor and chartered company secretary and was for five years an executive director of ISIS Asset Management plc (until its acquisition of F&C Asset Management Limited in October 2004) where most recently he was managing director with responsibility for the group's investment trust and institutional businesses. Prior to this, he was chief legal counsel, Europe for Franklin Templeton Global Investors Ltd. He had previously served 14 years with Edinburgh Fund Managers plc, latterly as joint managing director. He is chairman of the Association of Investment Companies (AIC).

Committee membership: Management Engagement Committee (Chairman) and Nomination Committee (Chairman)

Remuneration: £35,000 per annum

All other public company directorships: None

Employment by the Aberdeen Group: None

Other connections with the Company or the Aberdeen Group: None

Shared Directorships with any other Directors: None

Shareholding in Company: 48,712 Ordinary Shares

Andrey Berzins

Status: Independent Non-Executive Director

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

Last re-elected to the Board: 7 May 2015

Experience: Qualified as a chartered accountant in England, and worked for KPMG in Hong Kong. In 1989 he joined the Suez Group's Asian private equity division, becoming a Managing Director in 2002. He has been resident in Asia since 1984 and a Singapore resident since 1996. Over the past 20+ years he has been involved in numerous Asian private equity transactions covering a variety of industries and countries. He also holds several directorships of private equity-backed companies.

Committee membership: Audit Committee, Management Engagement Committee and Nomination Committee

Remuneration: £24,000 per annum

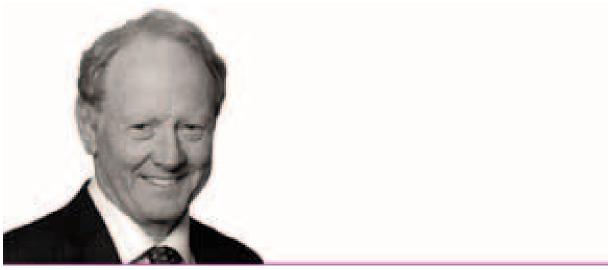
All other public company directorships: Ocean Wilsons Holdings Limited

Employment by the Aberdeen Group: None

Other connections with the Company or the Aberdeen Group: None

Shared Directorships with any other Directors: None

Shareholding in Company: 55,000 Ordinary Shares



Duncan Baxter

Status: Senior Independent Non-Executive Director

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

Last re-elected to the Board: 7 May 2015 (retiring at AGM in 2016)

Experience: A retired senior banker with over 25 years' experience of international banking, latterly as managing director of Swiss Bank Corporation in Jersey. He is a Jersey resident and holds several non-executive directorships.

Committee membership: Audit Committee, Management Engagement Committee and Nomination Committee

Remuneration: £25,000 per annum

All other public company directorships: Highland Gold Mining Limited and CQS New City High Yield Fund Limited

Employment by the Aberdeen Group: None

Other connections with the Company or the Aberdeen Group: None

Shared Directorships with any other Directors: None

Shareholding in Company: 50,714 Ordinary Shares

Charles Clarke

Status: Independent Non-Executive Director and Audit Committee Chairman

Length of service: 4 years, appointed a Director on 29 March 2012

Last re-elected to the Board: 7 May 2015

Experience Is a Jersey residentially-qualified graduate chartered accountant and former senior partner of KPMG in the Channel Islands who has previously worked for KPMG in Kuala Lumpur. Charles has a portfolio of independent NED appointments and runs an offshore corporate governance consultancy.

Committee membership: Audit Committee (Chairman), Management Engagement Committee and Nomination Committee

Remuneration: £28,000 per annum

All other public company directorships: None

Employment by the Aberdeen Group: None

Other connections with the Company or the Aberdeen Group: None

Shared Directorships with any other Directors: None

Shareholding in Company: 60,000 Ordinary Shares

Your Board of Directors continued

Krystyna Nowak

Status: Independent Non-Executive Director

Length of service: 10 months, appointed a Director on 7 May 2015

Last re-elected to the Board: n/a

Experience: is Managing Director of the Board Practice and a Member of the Executive Management Team at Norman Broadbent. She studied at Oxford University, before joining Citibank, originally in London followed by nine years in the Far East in Hong Kong and Singapore.

Committee membership: Audit Committee, Management Engagement Committee and Nomination Committee

Remuneration: £24,000 per annum

All other public company directorships: None

Employment by the Aberdeen Group: None

Other connections with the Company or the Aberdeen Group: None

Shared Directorships with any other Directors: None

Shareholding in Company: 7,596 Ordinary Shares

Hugh Young

Status: Non-Executive Director

Length of service: 10 years 5 months, appointed a Director on 11 November 2005

Last re-elected to the Board: 7 May 2015

Experience: Is a resident of Singapore and was an investment manager with Fidelity International and MGM Assurance prior to joining what is now Aberdeen Asset Managers Limited in December 1985. He is a director of Aberdeen Asset Management PLC and managing director of Aberdeen Asset Management Asia Limited and responsible for all the Aberdeen Group's investments in Asia.

Committee membership: Nomination Committee

Remuneration: £24,000 per annum

All other public company directorships: Aberdeen Asset Management PLC, Aberdeen New Dawn Investment Trust PLC, Aberdeen New Thai Investment Trust PLC, Aberdeen Australia Equity Fund Inc., Aberdeen Asia-Pacific Income Investment Company Limited, Aberdeen Asian Smaller Companies Investment Trust PLC (Alternate) and The India Fund Inc.

Employment by the Aberdeen Group: None, other than as stated above

Other connections with the Company or the Aberdeen Group: None

Shared Directorships with any other Directors: None

Shareholding in Company: 27,500 Ordinary Shares

Directors' Report

Introduction

The Directors present their Report and the audited financial statements for the year ended 31 December 2015.

Results and Dividends

Details of the Company's results and dividends are shown on page 12 and in note 8 to the Financial Statements. Interim dividends were paid on a quarterly basis in May, August and November 2015 and February 2016. The Board believes that it is preferable for shareholders to receive regular interim dividend payments on a quarterly basis and accordingly no final dividend is declared and shareholders are not required to wait until approval is given at the AGM for any payments. Dividends are paid to the extent that they are covered by the Company's revenue reserves. As at 31 December 2015 the Company's revenue reserves (adjusted for the payment of the fourth interim dividend) amounted to £8.5 million (approximately 4.4p per Ordinary Share).

Status

The Company is registered with limited liability in Jersey as a closed-end investment company under the Companies (Jersey) Law 1991 with registered number 91671. In addition, the Company constitutes and is regulated as a collective investment fund under the Collective Investment Funds (Jersey) Law 1988 and is an Alternative Investment Fund (within the meaning of Regulation 3 of the Alternative Investment Fund Regulations). The Company has no employees and the Company makes no political donations. The Ordinary Shares are admitted to the Official List in the premium segment and are traded on the London Stock Exchange's Main Market.

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

Individual Savings Accounts

The Company has conducted its affairs so as to satisfy the requirements as a qualifying security for Individual Savings Accounts. The Directors intend that the Company will continue to conduct its affairs in this manner.

Capital Structure, Issuance and Buybacks

The Company's capital structure is summarised in note 13 to the financial statements. At 31 December 2015, there were 193,126,389 fully paid Ordinary shares of no par value (2014 – 194,533,389 Ordinary shares) in issue. At the year end there were 1,807,000 Ordinary shares held in treasury (2014 – nil).

During the year 500,000 new Ordinary shares were issued for cash at a premium to the prevailing NAV, 1,807,000 Ordinary shares were purchased in the market for treasury and 100,000 Ordinary Shares were purchased in the market for cancellation.

Subsequent to the period end 3,213,000 Ordinary Shares have been purchased in the market at a discount for treasury and no new Ordinary Shares were issued for cash at a premium to the prevailing NAV or sold from treasury.

Voting Rights

Each Ordinary share holds one voting right and shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. The Ordinary Shares, excluding treasury shares, carry a right to receive dividends. On a winding up or other return of capital, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings. There are no restrictions on the transfer of Ordinary Shares in the Company other than certain restrictions which may be applied from time to time by law.

Borrowings

During the period the Company entered into a new three year £10,000,000 term facility (the "Facility") with Scotiabank Europe PLC ("Scotia"). The Facility is in addition to the existing £30,000,000 multicurrency revolving facility with Scotiabank (Ireland) Limited which is due to mature in April 2017. £10,000,000 has been drawn down under the Facility and fixed for three years to March 2018 at an all-in rate of 2.2175%. The Company's total gearing at the year end amounted to the equivalent of £39.9 million representing net gearing of 8.9%.

Management Arrangements

The Company has an agreement with Aberdeen Private Wealth Management Limited, subject to six months' notice, for the provision of management services, details of which are shown in notes 5 and 6 to the financial statements. The Directors review the terms of the Management Agreement on a regular basis and have confirmed that, due to the investment skills, experience and commitment of the Investment Manager, in their opinion the continuing appointment of Aberdeen Private Wealth Management Limited with the delegation arrangements to the Investment Manager, on the terms agreed, is in the interests of shareholders as a whole.

Risk Management

Details of the financial risk management policies and objectives relative to the use of financial instruments by the Company are set out in note 16 to the financial statements.

Directors' Report continued

Substantial Interests

The Board has been advised that the following shareholders owned 3% or more of the issued Ordinary share capital of the Company at 31 December 2015:

Shareholder	No. of Ordinary Shares held	% held
Speirs & Jeffrey	14,378,305	7.4
Charles Stanley	11,560,614	6.0
Investec Wealth & Investment	10,532,601	5.5
Brewin Dolphin	10,336,475	5.4
Quilter Cheviot Investment Management	10,094,341	5.2
Rathbones	9,640,660	5.0
Hargeaves Lansdown [A]	6,762,407	3.5
Aberdeen Retail Plans [A]	6,694,478	3.5
Alliance Trust Savings [A]	6,331,852	3.3

[A] Non-beneficial interests

Subsequent to the period end, on 11 January 2016, Investec Wealth & Investment notified the Company that it was interested in 9,654,176 Ordinary shares (5.0%). No further changes to the information disclosed above have been notified to the Company.

Directors

The Board currently consists of six non-executive Directors. Messrs Peter Arthur, Duncan Baxter, Andrey Berzins, Charles Clarke, Hugh Young held office throughout the year and together with Krystyna Nowak (appointed 7 May 2015) and Dr Ana Armstrong (retired 7 May 2015) were the only Directors in office during the year.

The names and biographies of each of the six current Directors are disclosed on pages 24 to 26 indicating their range of experience as well as length of service. Mr Arthur, Mr Berzins and Mr Young have each served on the Board for more than nine years and, in accordance with corporate governance best practice, will retire at the Annual General Meeting on 11 May 2016 ("AGM") and, being eligible, offer themselves for re-election. Ms Nowak was appointed to the Board during the year and in accordance with the Articles of Association will retire at the first AGM following her appointment and submit herself for election. Mr Baxter has indicated that he will retire from the Board at the conclusion of the AGM and does not intend to seek re-election.

Mr Berzins has agreed to become Senior Independent Director with effect from the retirement of Mr Baxter. The Board considers that there is a balance of skills and experience within the Board relevant to the leadership and direction of the Company and that all the Directors contribute effectively.

The Board has no hesitation in recommending the re-election of Mr Arthur, Mr Berzins and Mr Young and the election of Ms Nowak at the AGM.

In common with most investment companies, the Company has no employees. Directors' & Officers' liability insurance cover has been maintained throughout the year at the expense of the Company.

Policy on Tenure

The Board's policy on tenure is that Directors need not serve on the Board for a limited period of time only. The Board does not consider that the length of service of a Director is as important as the contribution he or she has to make, and therefore the length of service will be determined on a case-by-case basis. In accordance with corporate governance best practice, Directors who have served for more than nine years or who are non-independent voluntarily offer themselves for re-election on an annual basis.

Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and, as required by the Listing Rules of the UK Listing Authority, has applied the principles identified in the UK Corporate Governance Code (published in September 2014 and effective for financial years commencing on or after 1 October 2014) for the year ended 31 December 2015. The UK Corporate Governance Codes are available on the Financial Reporting Council's website: frc.org.uk.

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance for Jersey-domiciled member companies as published in February 2015 (AIC Code) by reference to the AIC Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues which are of specific relevance to the Company. Both the AIC Code and the AIC Guide are available on the AIC's website: theaic.co.uk.

The Company has complied throughout the accounting period with the relevant provisions contained within the AIC Code and the relevant provisions of the UK Corporate Governance Code except as set out below.

The UK Corporate Governance Code includes provisions relating to:

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

• and the need for an internal audit function (C.3.5).

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

Directors have attended Board and Committee meetings during the year ended 31 December 2015 as follows (with their eligibility to attend the relevant meeting in brackets):

	Board	Ad Hoc Board and Committee	Audit	MEC and Nom.
Total Meetings	**4**	**8**	**2**	**2**
P Arthur [A]	4 (4)	6 (8)	n/a	2 (2)
D Baxter	4 (4)	6 (8)	2 (2)	2 (2)
A Berzins	4 (4)	5 (8)	2 (2)	2 (2)
C Clarke	4 (4)	7 (8)	2 (2)	2 (2)
K Nowak [B]	2 (2)	3 (4)	1 (1)	0 (0)
H Young [C]	4 (4)	4 (8)	n/a	0 (1)
A Armstrong [D]	2 (2)	1 (4)	1 (1)	2 (2)

[A] Mr Arthur is not a member of the Audit Committee
[B] Ms Nowak was appointed to the Board on 7 May 2015
[C] Mr Young is not a member of the Audit or Management Engagement Committees
[D] Dr Armstrong retired from the Board on 7 May 2015

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

Board Committees

The Directors have appointed a number of Committees as set out below. Copies of their terms of reference, which clearly define the responsibilities and duties of each Committee, are available on the website. The terms of reference of each of the Committees are renewed and re-assessed by the Board for their adequacy on an ongoing basis.

Audit Committee

The Audit Committee Report is on pages 34 and 35 of this Annual Report.

Management Engagement Committee

The Management Engagement Committee comprises all of the Directors except Mr Young. Mr Arthur is the Chairman. The Committee reviews the performance of the Investment Manager and its compliance with the terms of the management and secretarial agreement. The terms and conditions of the Investment Manager's appointment, including an evaluation of fees, are reviewed by the Committee on an annual basis. The Committee believes that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole.

Nomination Committee

All appointments to the Board of Directors are considered by the Nomination Committee which comprises the entire Board and is chaired by Mr Arthur. Possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board. Every Director is entitled to receive appropriate training as deemed necessary. A Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek election by shareholders at the next Annual General Meeting. The Articles of Association require that one third of the Directors retire by rotation at each Annual General Meeting. The Board's policy is that Directors who have served more than nine years will submit themselves for annual re-election on a voluntary basis.

In connection with the appointment of Ms Nowak the services of Fletcher Jones, an external recruitment consultant, were used. Fletcher Jones is an independent company that does not have any connections with the Company. The Committee identified a specification for the new Director, including the requisite skills and experience that would complement the existing Directors and having due regard for the benefits of diversity on the Board.

The Company has put in place the necessary procedures to conduct, on an annual basis, an appraisal of the Chairman of the Board, Directors' individual self evaluation and a performance evaluation of the Board as a whole. The appraisal process concluded that the Board continues to have a good balance of experience and considerable knowledge of Asian markets and works in a collegiate, efficient and effective manner under the leadership of an experienced and well regarded Chairman.

Remuneration Committee

As the Company only has non-executive Directors the Board has not established a separate Remuneration Committee and

Directors' remuneration is determined by the Board as a whole.

The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is also set out in the Directors' Remuneration Report on page 36.

Management of Conflicts of Interests

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

No Director has a service contract with the Company although Directors are issued with letters of appointment upon appointment. The Directors' interests in contractual arrangements with the Company are as shown in note 18 to the financial statements. No other Directors had any interest in contracts with the Company during the period or subsequently.

The Company has a policy of conducting its business in an honest and ethical manner. The Company takes a zero tolerance approach to bribery and corruption and has procedures in place that are proportionate to the Company's circumstances to prevent them. The Aberdeen Group also adopts a group-wide zero tolerance approach and has its own detailed policy and procedures in place to prevent bribery and corruption. Copies of the Aberdeen Group's anti-bribery and corruption policies are available on its website aberdeen-asset.com.

Going Concern

The Directors have undertaken a robust review of the Company's viability (refer to statement on page 11) and ability to continue as a going concern. The Company's assets consist primarily of a diverse portfolio of listed equity shares which in most circumstances are realisable within a very short timescale.

The Directors are mindful of the principal risks and uncertainties disclosed on page 10 and have reviewed forecasts detailing revenue and liabilities and the Directors believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future and at least 12 months from the date of this Annual Report. Accordingly, the Directors continue to adopt the going concern basis in preparing these financial statements.

Accountability and Audit

Each Director confirms that, so far as he or she is aware, there is no relevant audit information of which the Company's Auditor is unaware, and he or she has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Independent Auditor

The Company's independent Auditor, EY, has expressed its willingness to continue in office and a Resolution to re-appoint EY as the Company's Auditor and to authorise the Directors to fix the Auditor's remuneration will be put to shareholders at the AGM.

Internal Controls and Risk Management

The Board of Directors is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. Following the Financial Reporting Council's publication of "Internal Control: Revised Guidance for Directors on the Combined Code" (the FRC guidance), the Directors confirm that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the full year under review and up to the date of approval of the financial statements, and this process is regularly reviewed by the Board and accords with the FRC Guidance.

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

The Board has reviewed the effectiveness of the system of internal control and, in particular, it has reviewed the process for identifying and evaluating the significant risks faced by the Company and the policies and procedures by which these risks are managed.

The Directors have delegated the investment management of the Company's assets to the Manager which has, in turn, delegated the responsibility to the Investment Manager within overall guidelines. This embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by the Aberdeen Group's internal audit function which undertakes periodic examination of business processes, including compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented.

Risks are identified and documented through a risk management framework by each function within the Manager's activities. Risk is considered in the context of the FRC Guidance and includes financial, regulatory, market, operational and reputational risk. This helps the internal audit risk assessment model identify those functions for review. Any relevant weaknesses identified are reported to the Board and timetables are agreed for implementing improvements to systems. The implementation of any remedial action required is monitored and feedback provided to the Board.

The key components designed to provide effective internal control for the year under review and up to the date of this Report are outlined below:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its investment performance;
- the Board and Manager have agreed clearly defined investment criteria;
- there are specified levels of authority and exposure limits. Reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board. The Manager's investment process and financial analysis of the companies concerned include detailed appraisal and due diligence;
- as a matter of course the compliance department of APWML continually reviews the Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers and monitoring reports are received from these providers when required;
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place at the Manager, has decided to place reliance on the Manager's systems and internal audit procedures; and
- twice a year, at its Board meetings, the Board carries out an assessment of internal controls by considering documentation from the Manager, including its internal audit and compliance functions and taking account of events since the relevant period end.

In addition, the Manager ensures that clearly documented contractual arrangements exist in respect of any activities that have been delegated to external professional organisations. The Board meets periodically with representatives from BNP Paribas and receives control reports covering the activities of the custodian.

The Head of Internal Audit of the Manager reports six monthly to the Audit Committee of the Company and has direct access to the Directors at any time.

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

The UK Stewardship Code and Proxy Voting

The purpose of the UK Stewardship Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and assist institutional investors with the efficient exercise of their governance responsibilities.

The Company's investments are held in nominee names. The Board has delegated responsibility for actively monitoring the activities of portfolio companies, including the exercise of voting powers on its behalf, to the Manager who has in turn delegated this responsibility to the Investment Manager.

The Investment Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the portfolio company and for attending company meetings. The Investment Manager, in the absence of explicit instruction from the Board, is empowered to use discretion in the exercise of the Company's voting rights.

In exercising the Company's voting rights, the Aberdeen Group follows a number of principles which set out the framework on corporate governance, proxy voting and shareholder engagement in relation to the companies in which the Aberdeen Group has invested or is considering investing. The Board has reviewed these principles together with the Aberdeen Group's Disclosure Response to the UK Stewardship Code, and is satisfied that the exercise of delegated voting powers by the Investment Manager is being properly executed. The Aberdeen Group's Corporate Governance Principles together with the Aberdeen Group's Disclosure Response to the UK Stewardship Code may be found on the Aberdeen Group's website, at http://aboutus.aberdeen-asset.com/en/aboutus/expertise/equities/stewardship.

The Board recognises and supports the Aberdeen Group's policy of active engagement with investee companies and the voting of all of the shares held by the Company. The Board receives regular reports on the exercise of the Company's voting rights and discusses any issues arising with the Investment Manager. It is the Board's view that having an active voting policy and a process for monitoring the Investment Manager's exercise of those votes, especially in relation to controversial issues, aids the efficient exercise of the Company's governance responsibilities.

Relations with Shareholders

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

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

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

Responsible Investment

The Board is aware of its duty to act in the interests of the Company. The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner. The Manager considers social, environmental and ethical factors which may affect the performance or value of the Company's investments. The Directors, through the Company's Manager, encourage companies in which investments are made to adhere to best practice in the area of Corporate Governance. They believe that this can best be achieved by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in this area. The Company's ultimate objective however is to deliver superior investment returns for its shareholders. Accordingly, whilst the Manager will seek to favour companies which pursue best practice in the above areas, this must not be to the detriment of the return on the investment portfolio.

Alternative Investment Fund Managers Directive ("AIFMD")

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

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

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

Annual General Meeting

The AGM will be held at 10.30 a.m. on 11 May 2016 at the Company's registered office, 1st Floor, Sir Walter Raleigh House, 48 – 50 Esplanade, St Helier JE2 3QB.

Authority to Purchase the Company's Shares

The Directors aim to operate an active discount management policy through the use of Ordinary Share buy backs, should the Company's Shares trade at a significant discount. The objective being to maintain the price at which the Ordinary Shares trade relative to the exclusive of income NAV at a discount of no more than 5%. Purchases of Ordinary Shares will only be made through the market for cash at prices below the prevailing exclusive of income NAV (which, subject to shareholder approval at the AGM will be the latest estimated NAV) where the Directors believe such purchases will enhance shareholder value and are likely to assist in narrowing any discount to NAV at which the

Ordinary Shares may trade. Subsequent to the period end the Company has purchased for treasury 3,213,000 Ordinary shares and at the time of writing the Ordinary Shares are trading at a discount of 9.2% to the prevailing exclusive of income NAV.

Resolution 8, a Special Resolution, will be proposed to renew the Directors' authority to make market purchases of the Company's Ordinary Shares in accordance with the provisions of the Listing Rules of the Financial Conduct Authority. Accordingly, the Company will seek authority to purchase up to a maximum of 28,468,017 Ordinary Shares (representing 14.99% of the current issued Ordinary Share capital). The authority being sought will expire at the conclusion of the Annual General Meeting in 2017 unless such authority is renewed prior to such time. Any Ordinary Shares purchased in this way will be cancelled and the number of Ordinary Shares will be reduced accordingly, or the Ordinary Shares will be held in treasury.

Under Jersey company law, Jersey companies can either cancel shares or hold them in treasury following a buy-back of shares. Repurchased shares will only be held in treasury if the Board considers that it will be in the interest of the Company and for the benefit of all shareholders. Any future sales of Ordinary Shares from treasury will only be undertaken at a premium to the prevailing NAV.

Authority to Allot the Company's Shares

There are no provisions under Jersey law which confer rights of pre-emption upon the issue or sale of any class of shares in the Company. However, the Company has a premium listing on the London Stock Exchange and is required to offer pre-emption rights to its shareholders. Accordingly, the Articles of Association contain pre-emption provisions similar to those found under UK law in satisfaction of the Listing Rules requirements. Ordinary Shares will only be issued at a premium to the prevailing NAV and, therefore, will not be disadvantageous to existing shareholders. Any future issues of Ordinary Shares will be carried out in accordance with the Listing Rules.

Unless previously disapplied by special resolution, in accordance with the Listing Rules, the Company is required to first offer any new Ordinary Shares or securities (or rights to subscribe for, or to convert or exchange into, Ordinary Shares) proposed to be issued for cash to shareholders in proportion to their holdings in the Company. In order to continue with such Ordinary Share issues, as in previous years, your Board is also proposing that its annual disapplication of the pre-emption rights is renewed so that the Company may continue to issue Ordinary Shares as and when appropriate. Accordingly, Resolution 9, a Special Resolution, proposes a disapplication of the pre-emption rights in respect of 10% of the Ordinary Shares in issue at the date of the resolution, set to expire on the earlier of eighteen months from the date of the resolution or at the conclusion of the Annual General Meeting to be held in 2017.

Recommendation

Your Board considers Resolutions 8 and 9 to be in the best interests of the Company and its members as a whole. Accordingly, your Board recommends that shareholders should vote in favour of Resolutions 8 and 9 to be proposed at the Annual General Meeting, as they intend to do in respect of their own beneficial shareholdings which amount to 249,522 Ordinary Shares.

Peter Arthur
Chairman
31 March 2016

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

Audit Committee's Report

The Audit Committee presents its report for the year ended 31 December 2015.

Committee Composition

The Audit Committee operates within clearly defined terms of reference and comprises four independent Directors: Mr C Clarke (Chairman with recent and relevant experience, appointed Chairman on 7 May 2015), Mr D Baxter, Mr A Berzins (Chairman up to 7 May 2015) and Ms K Nowak. The Audit Committee continues to believe that the Company does not require an internal audit function of its own as it delegates its day-to-day operations to third parties from whom it receives internal controls reports.

Functions of the Committee

The principal function of the Committee is to assist the Board in relation to the reporting of financial information, the review of financial controls and the management of risk. The Committee has defined terms of reference which are reviewed and re-assessed for their adequacy on an annual basis. Copies of the terms of reference are published on the Company's website.

The Committee's main audit review functions are listed below:

- to review and monitor the internal control systems and risk management systems on which the Company is reliant;
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Investment Manager and Aberdeen Private Wealth Management Limited which act as Administrator and Company Secretary;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, half yearly reports, announcements and related formal statements;
- to review the content of the Annual Report and financial statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- to meet with the external Auditor to review their proposed audit programme of work and the findings of the Auditor. The Committee uses this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the external Auditor to supply non-audit services. (During the period under review, fees amounting to £6,000 (2014: £5,000) were paid to the Auditor in respect of non audit services – the Audit Committee will review any future fees in the light of the requirement to maintain the Auditor's independence);
- to review an annual statement from the Manager detailing the arrangements in place within Aberdeen whereby Aberdeen staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations in relation to the appointment of the external Auditor and to approve the remuneration and terms of engagement of the external Auditor; and
- to monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification.

Activities During the Year

The Audit Committee met twice during the year when it considered the Annual Report and the Half-Yearly Report in detail. Representatives of the Aberdeen Group's internal audit, risk and compliance departments reported to the Board at these meetings on matters such as internal control systems, risk and the conduct of the business in the context of its regulatory environment.

Review of Internal Control Systems and Risk

The Committee considers the internal control systems and a matrix of risks at each of its meetings. There is more detail on the process of these reviews in the Directors' Report.

Financial Statements and Significant Issues

During its review of the Company's financial statements for the year ended 31 December 2015, the Audit Committee considered the following significant issues, in particular those communicated by the Auditor during its planning and reporting of the year end audit:

Valuation, Existence and Ownership of Investments

The valuation of investments is undertaken in accordance with the accounting policies, disclosed in notes 2(a) and 2(e) to the financial statements on pages 50 and 51. The audit includes independent confirmation of the existence of all investments. All investments are considered liquid and quoted in active markets and have been categorised as Level 1 within the IFRS 13 fair value hierarchy and can be verified against daily market prices. The portfolio is reviewed and verified by the Investment Manager on a regular basis and management accounts including a full portfolio listing are prepared each month and circulated to the Audit Committee for review. The work undertaken by the Auditor on the valuation, existence and ownership of investments is disclosed on page 42. The Company uses the services of an independent Custodian (BNP Paribas) to hold the assets of the Company. The investment portfolio is reconciled regularly by the Investment Manager and a reconciliation is also reviewed by the Auditor.

Recognition of Investment Income

The recognition of investment income is undertaken in accordance with accounting policy note 2(b) to the financial statements on page 51. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the intention of the underlying company. The Investment Manager provides monthly internal control reports to the Board. The allocation of material special dividends is also assessed by the Auditor.

Review of Auditor

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

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

The Audit Committee therefore supports the recommendation to the Board that the re-appointment of Ernst & Young LLP as auditor be put to shareholders for approval at the Annual General Meeting.

Tenure of the Auditor

Ernst & Young LLP has held office as Auditor since the launch of the Company in 2005; in accordance with professional guidelines the audit partner is rotated after at most five years, and the current audit partner has served for five years. The Committee considers Ernst & Young LLP, the Company's Auditor, to be independent of the Company.

The Audit Committee is aware of developments in best practice in regard to audit tendering and will keep under review the benefits of conducting an audit tender in the future. The Audit Committee is satisfied that Ernst & Young LLP is independent and that it would not be appropriate to put the audit appointment out to tender at the present time. The Audit Committee therefore supports the recommendation to the Board that the re-appointment of Ernst & Young LLP be put to shareholders for approval at the AGM. Shareholders have the opportunity at each AGM to vote on the reappointment of the Auditor for the forthcoming year.

Charles Clarke
Audit Committee Chairman
31 March 2016

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

Directors' Remuneration Report

This Directors' Remuneration Report comprises three parts:

1. a Remuneration Policy which is subject to a binding shareholder vote every three years (or sooner if varied during this interval) – most recently voted on at the Annual General Meeting on 8 May 2014;
2. an Implementation Report which is subject to an advisory vote on the level of remuneration paid during the year; and
3. an Annual Statement.

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

Remuneration Policy

This part of the Remuneration Report provides details of the Company's Remuneration Policy for Directors of the Company. This policy takes into consideration the principles of UK Corporate Governance and the AIC's recommendations regarding the application of those principles to Jersey-domiciled investment companies.

As the Company has no employees and the Board is comprised wholly of non-executive Directors and given the size and nature of the Company, the Board has not established a separate Remuneration Committee. Directors' remuneration is determined by the Board as a whole.

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

Appointment

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

Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance related fee.
- No Director has a service contract.
- Mr Young is a director of the Investment Manager. No other Director was interested in contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed upon the giving of three months' notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or any assets of the Company.

Directors' & Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

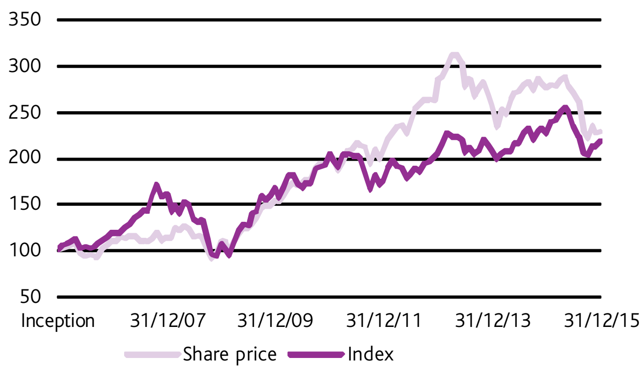
Implementation Report

Directors' Fees

The Directors' fees were increased to the present levels with effect from 1 January 2013. The Board carried out a review of the level of Directors' fees during the year and concluded that the amounts should be maintained at the current level subject to further review during 2016. There are no further fees to disclose as the Company has no employees, Chief Executive or Executive Directors.

Company Performance

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



Statement of Voting at General Meeting

At the Company's last AGM, held on 7 May 2015, shareholders approved the Directors' Remuneration Report (other than the Directors' Remuneration Policy) in respect of the year ended 31 December 2014 and the following proxy votes were received on the resolutions:

Resolution	For	Discretionary	Against	Withheld
2 To receive and Adopt the Directors' Remuneration Report	46.7m (99.6%)	31,538 (0.1%)	139,767 (0.3%)	95,818

Spend on Pay

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

Fees Payable

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

Director	2015 £	2014 £
P Arthur (Chairman and highest paid Director)	35,000	35,000
A Berzins	25,396	28,000
D Baxter	25,000	25,000
C Clarke	26,604	24,000
K Nowak [A]	15,626	n/a
H Young	24,000	24,000
A Armstrong [B]	8,440	24,000
Total	**160,066**	**160,000**

[A] Ms Nowak was appointed to the Board on 7 May 2015
[B] Dr Armstrong retired from the Board on 7 May 2015

Fees are pro-rated where a change takes place during a financial year. Of the fees disclosed above £49,000 (2014 - £49,000) was payable to third parties in respect of making available the services of Directors. These fees were in respect of Mr H Young (assigned to Aberdeen Asset Management Asia Limited) and Mr Baxter (assigned to Swiss Fiduciary Limited).

Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors (including connected persons) at 31 December 2015 and 1 January 2015 had no interest in the Ordinary Share capital of the Company other than those interests, all of which are beneficial interests, shown in the table below.

Director	31 December 2015 Ordinary Shares	1 January 2015 Ordinary Shares
P Arthur	47,375	43,136
D Baxter	50,714	30,714
A Berzins	55,000	55,000
C Clarke	60,000	60,000
K Nowak [A]	7,596	n/a
H Young	27,500	27,500
A Armstrong [B]	n/a	528

[A] Ms Nowak was appointed to the Board on 7 May 2015
[B] Dr Armstrong retired from the Board on 7 May 2015

Subsequent to the year end, Mr P Arthur's beneficial holding increased to 48,712 Ordinary Shares following purchases of 347 Ordinary Shares, 345 Ordinary Shares, 338 Ordinary Shares and 307 Ordinary Shares on 22 January 2016, 19 and 22 February 2016 and 22 March 2016 respectively. The other Directors' Ordinary Share interests were unchanged at 31 March 2016, being the nearest practicable date prior to the signing of this Report.

Annual Statement

On behalf of the Board, I, Peter Arthur, Chairman, confirm that the Report on Remuneration Policy and the above Remuneration Implementation Report summarises, as applicable, for the year to 31 December 2015:

- the major decisions on Directors' remuneration;
- any substantial changes relating to Directors' remuneration made during the year; and
- the context in which the changes occurred and decisions have been taken.

The Directors' Remuneration Report was approved by the Board of Directors on 31 March 2016 and signed on its behalf by:

Peter Arthur
31 March 2016
Chairman

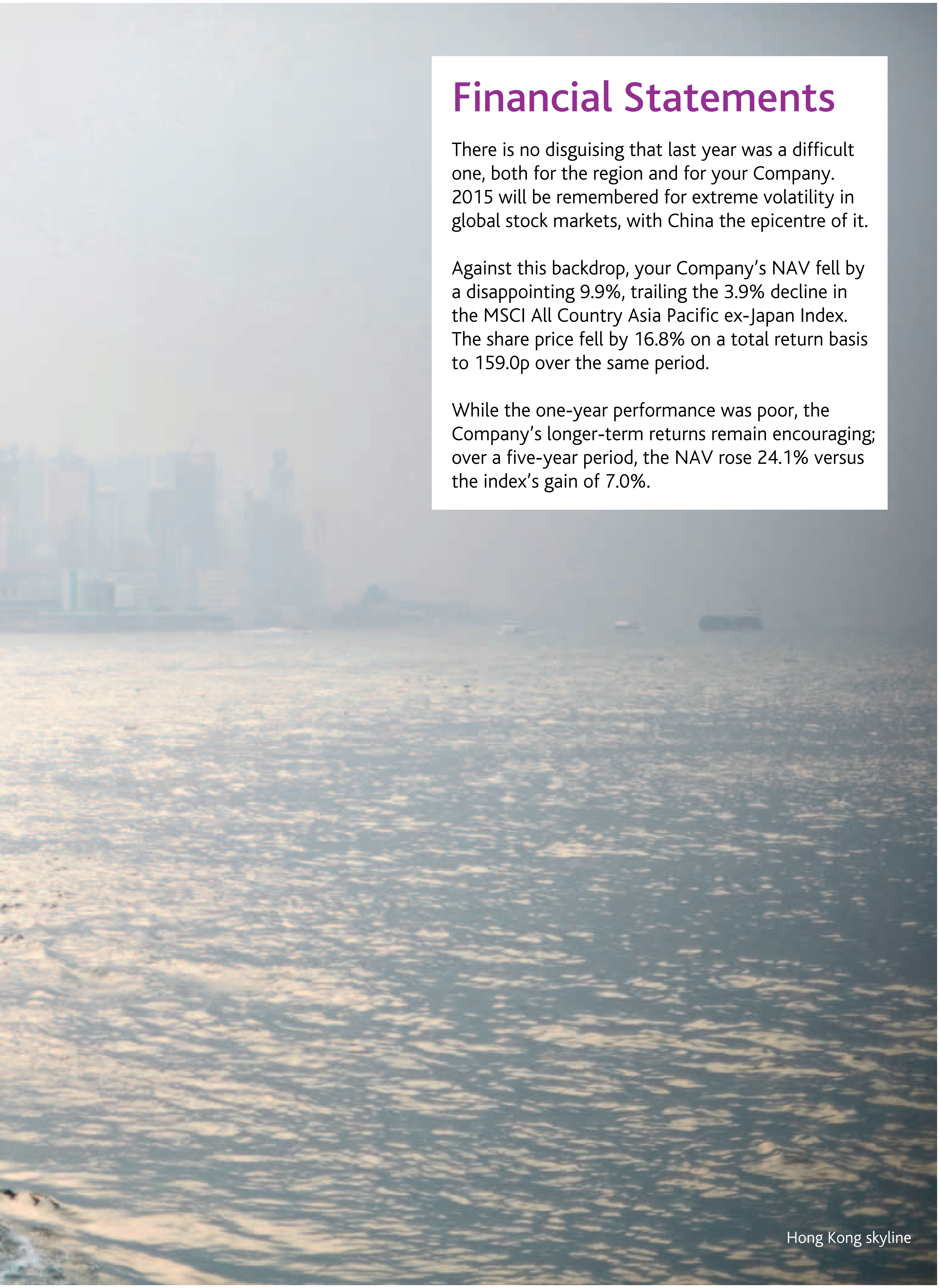

TWINKLING STAR

Financial Statements

There is no disguising that last year was a difficult one, both for the region and for your Company. 2015 will be remembered for extreme volatility in global stock markets, with China the epicentre of it.

Against this backdrop, your Company's NAV fell by a disappointing 9.9%, trailing the 3.9% decline in the MSCI All Country Asia Pacific ex-Japan Index. The share price fell by 16.8% on a total return basis to 159.0p over the same period.

While the one-year performance was poor, the Company's longer-term returns remain encouraging; over a five-year period, the NAV rose 24.1% versus the index's gain of 7.0%.



Hong Kong skyline

Statement of Directors' Responsibilities

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

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

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

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

The Directors listed on pages 24 to 26, being the persons responsible, hereby confirm to the best of their knowledge:

- that the financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"),and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- that in the opinion of the Directors, the Annual Report and financial statements taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's performance, business model and strategy; and
- the Strategic Report, including the Chairman's Statement and the Investment Manager's Review, include a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces.

For and on behalf of the Board

Peter Arthur
Chairman
31 March 2016

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

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

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

Our opinion on the financial statements

In our opinion:

- Aberdeen Asian Income Fund Limited's (the "Company") financial statements (the "financial statements") give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs");
- the financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

What we have audited

Aberdeen Asian Income Fund Limited's financial statements comprise:

Statement of comprehensive income for the year ended 31 December 2015
Balance sheet as at 31 December 2015
Statement of changes in equity for the year ended 31 December 2015
Cash flow statement for the year ended 31 December 2015
Related notes 1 to 20 to the financial statements

The financial reporting framework that has been applied in their preparation is applicable law and IFRS.

Overview of our audit approach

Risks of material misstatement	• Incomplete or inaccurate income recognition • Valuation of the Company's investments.
Audit scope	• We performed an audit of the complete financial statements of the Company for the year ended 31 December 2015.
Materiality	• Overall materiality of £1.5m which represents 8% of revenue profit before tax.

Our assessment of risk of material misstatement

We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

Risk	Our response to the risk	What we concluded to the Audit Committee
Inaccurate or incomplete income recognition (£21,216,000 prior year comparative £19,333,000) Refer to the Audit Committee Report (pages 34 and 35); Accounting policies (page 51); and Note 4 of the Financial Statements. Revenue comprises the dividend income and interest income streams generated by the investments held in listed securities. Investment income is the most significant component of the Company's revenue profit for the year which drives many of the Company's key performance	Our response comprised: • Updating our understanding of the processes adopted by the board and management in respect of revenue recognition including our understanding of the systems and controls implemented • Evaluating the revenue recognition policies for each source of income for compliance with IFRS • Performance of substantive audit procedures including reconciling dividend receipts and interest income entitlements to independent sources and bank statements.	We confirmed that there were no matters identified during our audit work on revenue recognition that we wanted to bring to the attention of the Audit Committee.

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

indicators including dividend yield and revenue earnings per ordinary share. Management may seek to overstate revenue in order to report the desired level of return to investors.		
Valuation of Investments (£356,939,000 prior year comparative £410,259,000) Refer to the Audit Committee Report (pages 34 and 35); Accounting policies (pages 51 and 52); and Notes 10, 16 and 20 to the Financial Statements. The investments held comprise a portfolio of equity and fixed interest income securities measured at fair value through profit or loss. The fair value of these securities is determined by reference to the bid price of the investments held as at the year-end as obtained from market data providers. The valuation of the Company's investments is a significant driver of the net asset value of the Company and the most significant component of the balance sheet. Management may seek to overstate the valuation of investments to maximise reported performance and net asset value per share.	Our response comprised: • Updating our understanding of the processes adopted by the board and management in respect of investment valuation including our understanding of the systems and controls implemented • We agreed 100% of the investment valuations to independent pricing sources.	We confirmed that there were no matters identified during our audit work on valuation of investments that we wanted to bring to the attention of the Audit Committee.

The scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope. Taken together, this enables us to form an opinion on the financial statements.

There have been no changes in the scope of our auditor's report in the current year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £1.5m (2014: £1.3m), which is 8% (2014: 8%) of revenue profit before tax. We have derived our materiality calculation based on revenue profit before tax as we consider it to be the most important financial metric on which shareholders would judge the performance of the Company and this underpins the Company's overall investment objective to grow its dividends over time.

During the course of our audit, we reassessed initial materiality and noted no factors leading us to amend materiality levels from those originally determined at the audit planning stage.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2014: 75%) of our materiality, namely £1.1m (2014: £1.0m). We have set performance materiality at this percentage due to investment strategy remaining consistent with our previous experience and limited identification of audit findings in previous periods.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £74k (2014: £66k), which is set at 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Scope of the audit of the financial statements

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 40, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

Matters on which we are required to report by exception

ISAs (UK and Ireland) reporting	We are required to report to you if, in our opinion, financial and non-financial information in the annual report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the directors' statement that they consider the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the audit committee that we consider should have been disclosed.	We have no exceptions to report.
Companies (Jersey) Law 1991 reporting	We are required to report to you if, in our opinion: • proper accounting records have not been kept by the Company, or proper returns adequate for our audit have not been received from branches not visited by us; or • the financial statements are not in agreement with the accounting records and returns; or • we have not received all the information and explanations we require for our audit.	We have no exceptions to report.
Listing Rules review requirements	We are required to review: • the directors' statement in relation to going concern and longer-term viability, set out on pages 30 and 11; and • the part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review.	We have no exceptions to report.

Statement on the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the entity

ISAs (UK and Ireland) reporting	We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to: • the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity; • the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated; • the directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and • the directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation	We have nothing material to add or to draw attention to.

	that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	

Christopher James Matthews, FCA
for and on behalf of Ernst & Young LLP
Jersey, Channel Islands
31 March 2016

Notes:

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

Statement of Comprehensive Income

	Notes	Year ended 31 December 2015 Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2014 Revenue £'000	Capital £'000	Total £'000
Investment income	4						
Dividend income		18,233	–	18,233	17,254	–	17,254
Interest income		2,983	–	2,983	2,079	–	2,079
Total revenue		21,216	–	21,216	19,333	–	19,333
(Losses)/gains on investments designated at fair value through profit or loss	10	–	(50,175)	(50,175)	–	15,582	15,582
Net currency losses		–	(1,722)	(1,722)	–	(1,631)	(1,631)
		21,216	(51,897)	(30,681)	19,333	13,951	33,284
Expenses							
Investment management fee	5	(1,443)	(2,164)	(3,607)	(1,506)	(2,259)	(3,765)
Other operating expenses	6	(969)	–	(969)	(994)	–	(994)
Profit/(loss) before finance costs and tax		18,804	(54,061)	(35,257)	16,833	11,692	28,525
Finance costs	7	(220)	(331)	(551)	(112)	(169)	(281)
Profit/(loss) before tax		18,584	(54,392)	(35,808)	16,721	11,523	28,244
Tax expense	2(d)	(855)	(49)	(904)	(737)	(17)	(754)
Profit/(loss) for the year		**17,729**	**(54,441)**	**(36,712)**	**15,984**	**11,506**	**27,490**
Earnings per Ordinary share (pence):	9	**9.11**	**(27.97)**	**(18.86)**	**8.24**	**5.93**	**14.17**

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

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

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

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

Balance Sheet

	Notes	As at 31 December 2015 £'000	As at 31 December 2014 £'000
Non-current assets			
Investments designated at fair value through profit or loss	10	356,939	410,259
Current assets			
Cash and cash equivalents		10,504	3,671
Other receivables	11	2,616	1,196
		13,120	4,867
Creditors: amounts falling due within one year			
Bank loans	12	(29,853)	(29,670)
Other payables	12	(774)	(588)
		(30,627)	(30,258)
Net current liabilities		(17,507)	(25,391)
Total assets less current liabilities		339,432	384,868
Creditors: amounts falling due after more than one year			
Bank loans	12	(10,000)	–
Net assets		**329,432**	**384,868**
Stated capital and reserves			
Stated capital	13	194,933	194,533
Capital redemption reserve		1,560	1,560
Capital reserve	14	119,637	176,463
Revenue reserve	14	13,302	12,312
Equity shareholders' funds		**329,432**	**384,868**
Net asset value per Ordinary share (pence):	15	**170.58**	**197.84**

The financial statements on pages 46 to 69 were approved by the Board of Directors and authorised for issue on 31 March 2016 and were signed on its behalf by :

Peter Arthur
Chairman

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

Statement of Changes in Equity

For the year ended 31 December 2015

	Stated capital £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Retained earnings £'000	Total £'000
Opening balance	194,533	1,560	176,463	12,312	–	384,868
Issue of Ordinary shares	500	–	445	–	–	945
Buyback of Ordinary shares for cancellation	(100)	–	(50)	–	–	(150)
Buyback of Ordinary shares for holding in treasury	–	–	(2,780)	–	–	(2,780)
Loss for the year	–	–	–	–	(36,712)	(36,712)
Transferred from retained earnings to capital reserve[A]	–	–	(54,441)	–	54,441	–
Transferred from retained earnings to revenue reserve	–	–	–	17,729	(17,729)	–
Dividends paid	–	–	–	(16,739)	–	(16,739)
Balance at 31 December 2015	**194,933**	**1,560**	**119,637**	**13,302**	**–**	**329,432**

For the year ended 31 December 2014

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

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

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

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

The stated capital in accordance with Companies (Jersey) Law 1991 Article 39A is £260,822,000 (2014 -£259,877,000). These amounts include proceeds arising from the issue of shares by the Company but excludes the cost of shares purchased for cancellation or treasury by the Company.

Cash Flow Statement

	Notes	Year ended 31 December 2015 £'000	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000	Year ended 31 December 2014 £'000
Cash flows from operating activities					
Dividend income received			16,662		15,536
Interest income received			2,954		1,921
Investment management fee paid			(3,658)		(4,080)
Other cash expenses			(1,008)		(935)
Cash generated from operations			14,950		12,442
Interest paid			(490)		(294)
Overseas taxation suffered			(904)		(740)
Net cash inflows from operating activities			13,556		11,408
Cash flows from investing activities					
Purchases of investments		(29,227)		(56,266)	
Sales of investments		32,553		43,786	
Net cash inflow/(outflow) from investing activities			3,326		(12,480)
Cash flows from financing activities					
Proceeds from issue of Ordinary shares	13	945		1,581	
Purchase of own shares to treasury	13	(2,566)		–	
Purchase of own shares for cancellation	13	(150)		–	
Dividends paid	8	(16,739)		(15,320)	
Loan drawn down		10,000		14,927	
Loans repaid		(1,450)		–	
Net cash (outflow)/inflow from financing activities			(9,960)		1,188
Net increase in cash and cash equivalents			6,922		115
Cash and cash equivalents of the start of the year			3,671		3,463
Effect of foreign exchange rate changes			(89)		93
Cash and cash equivalents at the end of the year	2,16		**10,504**		**3,671**

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

Notes to the Financial Statements For the year ended 31 December 2015

1. **Principal activity**

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

2. **Accounting policies**

   (a) Basis of preparation

   The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Reporting Interpretations Committee of the IASB ("IFRIC"). All of the IFRS which took effect during the year were adopted by the Company and did not have a material impact on the financial results.

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

   The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates which requires management to exercise its judgement in the process of applying the accounting policies. These judgements include but are not limited to the assessment of the Company's ability to continue as a going concern. Estimates include but are not limited to the measurement of fair value of financial instruments and the corresponding classification in the fair value hierarchy as well as the impairment of assets and the recognition and measurement of provisions and contingent liabilities under IAS 37. Actual results may differ from these estimates.

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

   The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2015.

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

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

   Changes in accounting policy and disclosures

   At the date of authorisation of these financial statements, the following Standards and Interpretations were effective for annual periods beginning on or after 1 January 2016:

   – IFRS 14 – Regulatory Deferral Accounts

   At the date of authorisation of these financial statements, the following Standards and Interpretations were effective for annual periods beginning on or after 1 January 2018:

   – IFRS 9 – Financial Instruments (revised, early adoption permitted)
   – IFRS 15 – Revenue from Contracts with Customers (early adoption permitted)
   – IFRS 16 – Leases

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

   – IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
   – IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception

- IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations
- IAS 1 – Disclosure Initiative
- IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 27 – Equity Method in Separate Financial Statements

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

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

(b) Income

Dividends receivable on equity shares are brought into account on the ex-dividend date. Dividends receivable on equity shares where no ex-dividend date is quoted are brought into account when the Company's right to receive payment is established. Where the Company has elected to receive dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised as income. Special dividends are credited to capital or revenue according to their circumstances. Dividend revenue is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the Statement of Comprehensive Income.

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

Interest receivable from cash and short-term deposits is recognised on an accruals basis.

(c) Expenses

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

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

(d) Taxation

Profits arising in the Company for the year ended 31 December 2015 will be subject to Jersey income tax at the rate of 0% (2014 – 0%).

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

(e) Investments

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

Purchases and sales of investments are recognised on a trade date basis. Proceeds are measured at fair value, which are regarded as the proceeds of sale less any transaction costs.

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

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

(f) Cash and cash equivalents

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

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

(g) Other receivables and payables

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

(h) Dividends payable

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

(i) Nature and purpose of reserves

Capital redemption reserve

The capital redemption reserve arose when Ordinary shares were redeemed, at which point an amount equal to £1 per share of the Ordinary share capital was transferred from the Statement of Comprehensive Income to the capital redemption reserve. Following a law amendment in 2008, the Company is no longer required to make a transfer. Although the transfer from the Statement of Comprehensive Income is no longer required, the amount remaining in the capital redemption reserve is not distributable in accordance with the undertaking provided by the Board in the launch Prospectus.

Capital reserve

This reserve reflects any gains or losses on investments realised in the period along with any increases and decreases in the fair value of investments held that have been recognised in the Statement of Comprehensive Income. This reserve also reflects any gains realised when Ordinary shares are issued at a premium to £1 per share and any losses suffered on the redemption of Ordinary shares for cancellation at a value higher than £1 per share.

When the Company purchases its Ordinary shares to be held in treasury, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from the capital reserve. Should these shares be sold subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from the capital reserve.

Revenue reserve

This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve is the principal reserve which is utilised to fund dividend payments to shareholders.

(j) **Foreign currency**

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

(k) **Borrowings**

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

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

(l) **Share capital**

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

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

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

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

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

3. Segment information

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

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

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Asia Pacific region	19,407	18,261
United Kingdom	1,809	1,072
	21,216	**19,333**

Notes to the Financial Statements continued

4. Income	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Income from investments		
Overseas dividends	15,635	14,772
Franked income	1,280	839
Stock dividends	1,318	1,643
	18,233	17,254
Interest income		
Bond interest	2,971	2,072
Deposit interest	12	7
	2,983	2,079
Total income	**21,216**	**19,333**

	Year ended 31 December 2015			Year ended 31 December 2014		
5. Investment management fee	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**1,443**	**2,164**	**3,607**	**1,506**	**2,259**	**3,765**

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

During the year the investment management fee was payable monthly in arrears and was based on an annual amount of 1% of the net asset value of the Company valued monthly. The balance due to APWM at the year end was £271,000 (2014 – £322,000). The investment management fees are charged 40% to revenue and 60% to capital in line with the Board's expected long term returns.

	Year ended 31 December 2015			Year ended 31 December 2014		
6. Other operating expenses	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Directors' fees	160	–	160	160	–	160
Promotional activities	241	–	241	224	–	224
Auditor's remuneration:						
– statutory audit	31	–	31	29	–	29
– interim accounts review	6	–	6	5	–	5
Custodian charges	144	–	144	125	–	125
Secretarial and administration fee	133	–	133	131	–	131
Other	254	–	254	320	–	320
	969	–	**969**	**994**	–	**994**

The Company has an agreement with Aberdeen Asset Managers Limited ("AAM") for the provision of promotional activities in relation to the Company's participation in the Aberdeen Investment Trust share plan and ISA. The total fees paid are based on an annual rate of £250,000 (2014 – £215,000). A balance of £63,000 (2014 – £108,000) was payable to AAM at the year end.

In addition, APWM is entitled to an annual company secretarial and administration fee of £133,000 (2014 – £131,000), which increases annually in line with any increases in the Retail Price Index. A balance of £34,000 (2014 – £33,000) was payable to APWM at the year end.

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

	Year ended 31 December 2015			Year ended 31 December 2014		
	Revenue	Capital	Total	Revenue	Capital	Total
7. Finance costs	£'000	£'000	£'000	£'000	£'000	£'000
On bank loans	**220**	**331**	**551**	**112**	**169**	**281**

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

8. Dividends on Ordinary equity shares	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Amounts recognised as distributions to equity holders in the year:		
Fourth interim dividend 2014 – 2.60p per Ordinary share (2013 – 2.50p)	5,058	4,843
First interim dividend 2015 – 2.00p per Ordinary share (2014 – 1.80p)	3,891	3,487
Second interim dividend 2015 – 2.00p per Ordinary share (2014 – 1.80p)	3,891	3,495
Third interim dividend 2015 – 2.00p per Ordinary share (2014 – 1.80p)	3,899	3,495
	16,739	**15,320**

The table below sets out the total dividends declared in respect of the financial year. The revenue available for distribution by way of dividend for the year is £17,729,000 (2014 – £15,984,000).

	2015 £'000	2014 £'000
First interim dividend 2015 – 2.00p per Ordinary share (2014 – 1.80p)	3,891	3,487
Second interim dividend 2015 – 2.00p per Ordinary share (2014 – 1.80p)	3,891	3,495
Third interim dividend 2015 – 2.00p per Ordinary share (2014 – 1.80p)	3,899	3,495
Fourth interim dividend 2015 – 2.50p per Ordinary share (2014 – 2.60p)	4,812	5,058
	16,493	**15,535**

The fourth interim dividend for 2015, amounting to £4,812,000 (2014 – fourth interim dividend of £5,058,000), has not been included as a liability in these financial statements as it was announced and paid after 31 December 2015.

9. Earnings per share

Ordinary shares

The earnings per Ordinary share is based on the net loss after taxation of £36,712,000 (2014 – profit of £27,490,000) and on 194,614,403 (2014 – 194,024,759) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year excluding Ordinary shares held in treasury.

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

	Year ended 31 December 2015			Year ended 31 December 2014		
Basic	Revenue	Capital	Total	Revenue	Capital	Total
Net profit/(loss) (£'000)	17,729	(54,441)	(36,712)	15,984	11,506	27,490
Weighted average number of Ordinary shares in issue[A]			194,614,403			194,024,759
Return per Ordinary share (pence)	9.11	(27.97)	(18.86)	8.24	5.93	14.17

[A] Calculated excluding shares held in treasury.

10. Investments designated at fair value through profit or loss

Investments designated at fair value through profit or loss	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Opening valuation	410,259	380,554
Movements in the year:		
Purchases at cost	30,545	57,909
Sales – proceeds	(33,690)	(43,786)
Sales – realised (losses)/gains	(4,090)	10,567
(Decrease)/increase in investment holdings fair value	(46,085)	5,015
Closing valuation at 31 December 2015	**356,939**	**410,259**

	£'000	£'000
Closing book cost	334,115	341,350
Closing investment holdings fair value gains	22,824	68,909
	356,939	**410,259**

The portfolio valuation	£'000	£'000
Listed on recognised stock exchanges at market valuation:		
Equities – UK	10,616	19,617
Equities – overseas	317,585	365,355
Bonds – overseas	28,738	25,287
Total	**356,939**	**410,259**

(Losses)/gains on investments designated at fair value through profit or loss	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Realised (losses)/gains on sales of investments	(4,090)	10,567
(Decrease)/increase in investment holdings fair value	(46,085)	5,015
	(50,175)	**15,582**

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

Transaction costs

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

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Purchases	35	122
Sales	44	66
	79	**188**

11. **Debtors: amounts falling due within one year**	2015 £'000	2014 £'000
Amounts due from brokers	1,137	–
Prepayments and accrued income	1,479	1,196
	2,616	**1,196**

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

12. Creditors: amounts falling due within one year

(a) Bank loans

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

	2015			2014		
	Interest rate	Local currency principal amount	Carrying amount £'000	Interest rate	Local currency principal amount	Carrying amount £'000
Unsecured bank loans repayable within one year:						
Hong Kong Dollar	1.236	252,842,000	22,135	1.189	252,842,000	20,910
United States Dollar	1.253	11,008,000	7,468	1.115	11,008,000	7,060
Sterling	1.486	250,000	250	1.454	1,700,000	1,700
Unsecured bank loans repayable in more than one year but no more than five years:						
Sterling	2.218	10,000,000	10,000	n/a	n/a	n/a
			39,853			**29,670**

For the short term loans the fair value of borrowings is deemed to be the same as the carrying value. The fair value of the long term loan is determined by aggregating the expected future cash flows for the loan discounted at a rate comprising the borrower's margin plus an average of market rates applicable to loans of a similar period of time and currency.

At the date of signing this report, short term loans of HK$241,000,000 and US$10,508,000 were rolled forward to 25 April 2016 at fixed interest rates of 1.17929% and 1.3815% respectively. US$500,000 and £250,000 was repaid to the lender on 25 February 2016.

(b) Other payables	2015 £'000	2014 £'000
Amounts due to brokers for purchase of shares into treasury	214	–
Other amounts due	560	588
	774	588

13. Stated capital	2015 Number	2015 £'000	2014 Number	2014 £'000
Ordinary shares of no par value				
Authorised	Unlimited	Unlimited	Unlimited	Unlimited
Issued and fully paid				
Balance brought forward	194,533,389	194,533	193,733,389	193,733
Ordinary shares issued	500,000	500	800,000	800
Ordinary shares bought back for cancellation	(100,000)	(100)	–	–
At 31 December	**194,933,389**	**194,933**	**194,533,389**	**194,533**

During the year 500,000 (2014 – 800,000) Ordinary shares were issued by the Company at a total consideration received, including transaction costs, of £945,000 (2014 – £1,581,000) and 1,907,000 ordinary shares were bought back by the Company at a total cost of £2,930,000 of which 100,000 were bought back for cancellation and 1,807,000 for holding in treasury (2014 – none). At the year end 1,807,000 shares were held in treasury, which represents 0.93% (2014 – none) of the Company's total issued share capital at 31 December 2015.

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

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

Following the issue and buy back of Ordinary shares during the year 193,126,389 (2014 – 194,533,389) Ordinary shares remained in issue at the year end. Further details of the Ordinary share issues are contained in the Directors' Report on page 27.

Since the year end a further 3,213,000 shares have been bought back for holding in treasury at a cost of £4,784,000.

Voting and other rights

In accordance with the Articles of Association of the Company, on a show of hands, every member (or duly appointed proxy) present at a general meeting of the Company has one vote; and, on a poll, every member present in person or by proxy shall have one vote for each Ordinary share held.

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

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

14. Retained earnings	**2015 £'000**	**2014 £'000**
Capital reserve		
At 1 January 2015	176,463	164,176
Unrealised currency movement on loans	(565)	(417)
Currency loss	(1,157)	(1,214)
Movement in unrealised fair value	(46,085)	5,015
(Loss)/gain on realisation of investments	(4,090)	10,567
Costs charged to capital	(2,544)	(2,445)
Issue of Ordinary shares	445	781
Buyback of Ordinary shares for cancellation	(50)	–
Buyback of Ordinary shares for holding in treasury	(2,780)	–
At 31 December 2015	**119,637**	**176,463**
Revenue reserve		
At 1 January 2015	12,312	11,648
Revenue profit for the year	17,729	15,984
Dividends paid	(16,739)	(15,320)
At 31 December 2015	**13,302**	**12,312**

15. Net asset value per share

Ordinary shares

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

	Net asset value per share 2015 p	Net asset values attributable 2015 £'000	Net asset value per share 2014 p	Net asset values attributable 2014 £'000
Ordinary shares	**170.58**	**329,432**	**197.84**	**384,868**

The net asset value per Ordinary share is based on 193,126,389 (2014 – 194,533,389) Ordinary shares, being the number of Ordinary shares in issue at the year end excluding Ordinary shares held in treasury.

16. Financial instruments

The Company's investment activities expose it to various types of financial risk associated with the financial instruments and markets in which it invests. The Company's financial instruments comprise securities, other investments, cash balances and bank loans and debtors and creditors that arise directly from its operations; for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income.

The Board has delegated the risk management function to APWML under the terms of its management agreement with APWML (further details of which are included under note 5). The Board regularly reviews and agrees policies for managing each of the key financial risks identified with the Manager. The types of risk and the Manager's approach to the management of each type of risk, are summarised below. Such approach has been applied throughout the year and has not changed since the previous accounting period. The numerical disclosures exclude short-term debtors and creditors, with the exception of short-term borrowings.

Risk management framework

The directors of Aberdeen Private Wealth Managers Limited collectively assume responsibility for APWML's obligations under the AIFMD including reviewing investment performance and monitoring the Company's risk profile during the year.

APWML is a fully integrated member of the Aberdeen Group, which provides a variety of services and support to APWML in the conduct of its business activities, including in the oversight of the risk management framework for the Company. APWML has delegated the day to day administration of the investment policy to Aberdeen Asset Management Asia Limited, which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in its pre-investment disclosures to investors (details of which can be found on the Company's website). APWML has delegated responsibility for monitoring and oversight of the Investment Manager and other members of the Aberdeen Group which carry out services and support to APWML to Aberdeen Fund Managers Limited.

The Manager conducts its risk oversight function through the operation of the Group's risk management processes and systems which are embedded within the Group's operations. The Group's Risk Division supports management in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Compliance, Business Risk, Market Risk, Risk Management and Legal. The team is headed up by the Group's Head of Risk, who reports to the Chief Executive Officer of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ("SWORD").

The Group's Internal Audit Department is independent of the Risk Division and reports directly to the Group CEO and to the Audit Committee of the Group's Board of Directors. The Internal Audit Department is responsible for providing an independent assessment of the Group's control environment.

The Group's corporate governance structure is supported by several committees to assist the board of directors of Aberdeen, its subsidiaries and the Company to fulfil their roles and responsibilities. The Group's Risk Division is represented on all committees, with the exception of those committees that deal with investment recommendations. The specific goals and guidelines on the functioning of those committees are described on the committees' terms of reference.

Risk management

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

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

(i) Market risk

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

Interest rate risk

Interest rate risk is the risk that interest rate movements may affect:

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

Management of the risk

Financial assets

Although the majority of the Company's financial assets comprise equity shares which neither pay interest nor have a stated maturity date, at the year end the Company had six holdings in fixed rate overseas corporate bonds, Yanlord Land Group, of £6,888,000, Yingde Gases, of £2,947,000, DFCC Bank, of £4,285,000, Green Dragon Gas of £4,961,000, ICICI Bank of £3,826,000 and Bank OCBC NISP of £5,831,000 (2014 – Yanlord Land Group, of £8,478,000, Yingde Gases, of £2,119,000, DFCC Bank, of £6,271,000, Green Dragon Gas of £4,690,000 and ICICI Bank of £3,729,000). Bond prices are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, the Government's fiscal position, short-term interest rates and international market comparisons. The Investment Manager takes all these factors into account when making any investment decisions as well as considering the financial standing of the potential investee entity.

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

Financial liabilities

The Company primarily finances its operations through use of equity, retained profits and bank borrowings. On 3 March 2015 the Company entered into a new three-year £10 million facility with Scotiabank Europe PLC which was in addition to the existing unsecured three year £30 million multi currency revolving facility with Scotiabank (Ireland) Limited and details of the terms and conditions of the loans are disclosed in note 12. Interest is due on the Scotiabank Europe PLC loan quarterly with the next interest payment being due on 3 March 2016. The Scotiabank Europe PLC loan is included in creditors falling due after more than one year. Interest is due on Scotiabank (Ireland) Limited loans at the maturity date, being 25 January 2016 (loans have been subsequently rolled over, see note 12 for further details). The Scotiabank (Ireland) Limited loans are included in creditors falling due within one year.

The Board actively monitors its bank borrowings. A decision on whether to roll over its existing borrowings will be made prior to their maturity dates, taking into account the Company's ability to draw down fixed, long-term borrowings.

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

At 31 December 2015	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000
Assets				
Chinese Overseas Corporate Bonds	2.24	9.87	–	14,796
Indian Overseas Corporate Bond	8.61	9.15	–	3,826
Indonesian Overseas Corporate Bond	1.12	9.4	–	5,831
Sri Lankan Overseas Corporate Bond	2.84	9.63	–	4,285
Cash at bank – Sterling	–	–	10,207	–
Cash at bank – Malaysian Ringitt	–	–	280	–
Cash at bank – Singapore Dollar	–	–	13	–
Cash at bank – Taiwan Dollar	–	–	3	–
Cash at bank – Australian Dollar	–	–	1	–
			10,504	**28,738**

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000
Liabilities				
Bank loan – Hong Kong Dollar	0.07	1.24	–	(22,135)
Bank loan – US Dollar	0.07	1.25	–	(7,468)
Bank loans – Sterling	2.12	2.20	–	(10,250)
			–	**(39,853)**

At 31 December 2014	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000
Assets				
Chinese Overseas Corporate Bonds	3.14	10.09	–	15,287
Indian Overseas Corporate Bond	9.61	9.15	–	3,729
Sri Lankan Overseas Corporate Bond	3.84	9.63	–	6,271
Cash at bank – Sterling	–	–	2,471	–
Cash at bank – US Dollar	–	–	701	–
Cash at bank – Malaysian Ringitt	–	–	284	–
Cash at bank – Taiwan Dollar	–	–	166	–
Cash at bank – Singapore Dollar	–	–	48	–
Cash at bank – Australian Dollar	–	–	1	–
			3,671	**25,287**

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000
Liabilities				
Bank loan – Hong Kong Dollar	0.06	1.19	–	(20,910)
Bank loan – US Dollar	0.06	1.12	–	(7,060)
Bank loan – Sterling	0.06	1.45	–	(1,700)
			–	**(29,670)**

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

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

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

Interest rate sensitivity

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

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

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

The Directors have considered the potential impact of a 100 basis point movement in interest rates and concluded that it would not be material in the current year (2014 – not material). This consideration is based on the Company's exposure to interest rates on its floating rate cash balances, fixed interest securities and bank loans.

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

Foreign currency risk

A significant proportion of the Company's investment portfolio is invested in overseas securities and the Balance Sheet can be significantly affected by movements in foreign exchange rates. It is not the Company's policy to hedge this risk on a continuing basis. A significant proportion of the Company's borrowings, as detailed in note 12, is in foreign currency as at 31 December 2015.

Management of the risk

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

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

Notes to the Financial Statements continued

	31 December 2015			31 December 2014		
	Equity investments £'000	Net monetary assets /(liabilities) £'000	Total currency exposure £'000	Equity investments £'000	Net monetary assets /(liabilities) £'000	Total currency exposure £'000
Australian Dollar	65,868	1	65,869	73,297	1	73,298
Hong Kong Dollar	59,822	(22,135)	37,687	57,721	(20,910)	36,811
Indian Rupee	–	3,826	3,826	–	3,729	3,729
Indonesian Rupiah	1,564	5,831	7,395	3,304	–	3,304
Japanese Yen	13,119	–	13,119	12,856	–	12,856
Malaysian Ringgit	25,401	280	25,681	31,310	284	31,594
Singapore Dollar	94,737	13	94,750	119,704	48	119,752
Taiwanese Dollar	18,683	3	18,686	19,834	166	20,000
Thailand Baht	38,391	–	38,391	47,329	–	47,329
US Dollar	–	11,613	11,613	–	15,199	15,199
Total	**317,585**	**(568)**	**317,017**	**365,355**	**(1,483)**	**363,872**

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

Foreign currency sensitivity

The following table details the Company's sensitivity to a 10% decrease (in the context of a 10% increase the figures below should all be read as negative) in sterling against the foreign currencies in which the Company has exposure. The sensitivity analysis includes foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

	2015 £'000	2014 £'000
Australian Dollar	6,587	7,330
Hong Kong Dollar	3,769	3,681
Indian Rupee	383	373
Indonesian Rupiah	739	330
Japanese Yen	1,312	1,286
Malaysian Ringgit	2,568	3,159
Singapore Dollar	9,475	11,975
Taiwanese Dollar	1,869	2,000
Thailand Baht	3,839	4,733
US Dollar	1,161	1,520
Total	**31,702**	**36,387**

Equity price risk

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

Management of the risk

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. The allocation of assets to international markets and the stock selection process, as detailed on pages 8 and 72 respectively, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges worldwide.

Concentration of exposure to equity price risks

A geographic analysis of the Company's investment portfolio is shown on page 21, which shows that the majority of the investments' value is in the Asia Pacific region. It should be recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Equity price risk sensitivity

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

	2015		2014	
	Increase in fair value £'000	Decrease in fair value £'000	Increase in fair value £'000	Decrease in fair value £'000
Statement of Comprehensive Income – profit after taxation				
Revenue return – increase /(decrease)	–	–	–	–
Capital return – increase /(decrease)	32,820	(32,820)	38,497	(38,497)
Total profit after taxation – increase /(decrease)	**32,820**	**(32,820)**	**38,497**	**(38,497)**
Equity	**32,820**	**(32,820)**	**38,497**	**(38,497)**

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities, which stood at £40,627,000 (2014 – £30,258,000).

Management of the risk

Liquidity risk is not considered to be significant as the Company's assets comprise mainly cash and readily realisable securities, which can be sold to meet funding commitments if necessary and these amounted to £10,504,000 and £356,939,000 (2014 -£3,671,000 and £410,259,000) at the year end respectively. Short-term flexibility is achieved through the use of loan facilities.

Maturity profile

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

At 31 December 2015	Within 1 year £'000	Within 2-3 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Fixed rate					
Bank loans	(30,139)	(10,275)	–	–	(40,414)
Floating rate					
Cash	**10,504**	–	–	–	**10,504**

At 31 December 2014	Within 1 year £'000	Within 2-3 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Fixed rate					
Bank loans	(29,679)	–	–	–	(29,679)
Floating rate					
Cash	**3,671**	–	–	–	**3,671**

(iii) Credit risk

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

Management of the risk

- Where the investment manager makes an investment in a bond, corporate or otherwise, the credit rating of the issuer is taken into account so as to minimise the risk to the Company of default. The Company has the following holdings:

– a Chinese overseas corporate bond issued by Yanlord Land Group. The issuers current credit rating at Moody's is Ba3;

– a Chinese overseas corporate bond issued by Yingde Gases. The issuers current credit rating at S&P is B; and

– a Chinese overseas corporate bond issued by Green Dragon Gas. The issuers current credit rating at S&P is B; and

– an Indian overseas corporate bond issued by ICICI Bank. The issuers current credit rating at S&P is B; and

– an Indonesian overseas corporate bond issued by Bank OCBC NISP. This bond is non-rated.

– a Sri Lankan overseas corporate bond issued by DFCC Bank. The issuers current credit rating at Moody's is Ba3.

- Investment transactions are carried out with a large number of brokers, whose credit rating is taken into account so as to minimise the risk to the Company of default;
- The risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a daily basis. In addition, both stock and cash reconciliations to the custodian's records are performed on a daily basis to ensure discrepancies are investigated on a timely basis. The Manager's Compliance department carries out periodic reviews of the custodian's operations and reports its finding to the Manager's Risk Management Committee. It is the Manager's policy to trade only with A- and above (Long Term rated) and A-1/P-1 (Short Term rated) counterparties;
- Cash is held only with reputable banks with high quality external credit ratings.

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

Credit risk exposure

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

	2015		2014	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Investments designated at fair value through profit or loss	356,939	28,738	410,259	25,287
Current assets				
Cash at bank	10,504	10,504	3,671	3,671
Other receivables	2,616	2,616	1,196	1,196
	370,059	**41,858**	**415,126**	**30,154**

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

(iv) Gearing risk

The Company's policy is to increase its exposure to equity markets through the judicious use of borrowings. When borrowings are invested in such markets, the effect is to magnify the impact on shareholders' funds of changes, both positive and negative, in the value of the portfolio. During the year the Company's borrowings were short-term loans, details of which can be found in note 12. The loans are carried at amortised cost, using the effective interest rate method in the financial statements.

Management of the risk

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

17. Capital management policies and procedures

The Company's capital management objectives are:

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

The Company's capital at 31 December comprises:

	2015 £'000	2014 £'000
Debt		
Borrowings under the multi-currency loan facility	29,853	29,670
Borrowing under the three year loan facility	10,000	–
	39,853	**29,670**

	2015 £'000	2014 £'000
Equity		
Equity share capital	194,933	194,533
Retained earnings and other reserves	134,499	190,335
	329,432	**384,868**
Debt as a % of net assets[A]	**12.10**	**7.71**

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

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

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

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

18. Related party transactions and transactions with the Manager

Fees payable during the year to the Directors are disclosed within the Directors' Remuneration Report on page 37.

Mr H Young is a director of Aberdeen Asset Management PLC, of which Aberdeen Private Wealth Management Limited ("APWM") is a subsidiary. Management, promotional activities and secretarial and administration services are provided by APWM with details of transactions during the year and balances outstanding at the year end disclosed in notes 5 and 6.

19. Controlling party

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

20. Fair value hierarchy

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

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

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

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

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

At 31 December 2015	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	328,201	–	–	328,201
Quoted bonds	b)	28,738	–	–	28,738
Net fair value		**356,939**	**–**	**–**	**356,939**

At 31 December 2014	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	384,972	–	–	384,972
Quoted bonds	b)	25,287	–	–	25,287
Net fair value		**410,259**	**–**	**–**	**410,259**

a) Quoted equities

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

b) Quoted bonds

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

Fair value of financial assets

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

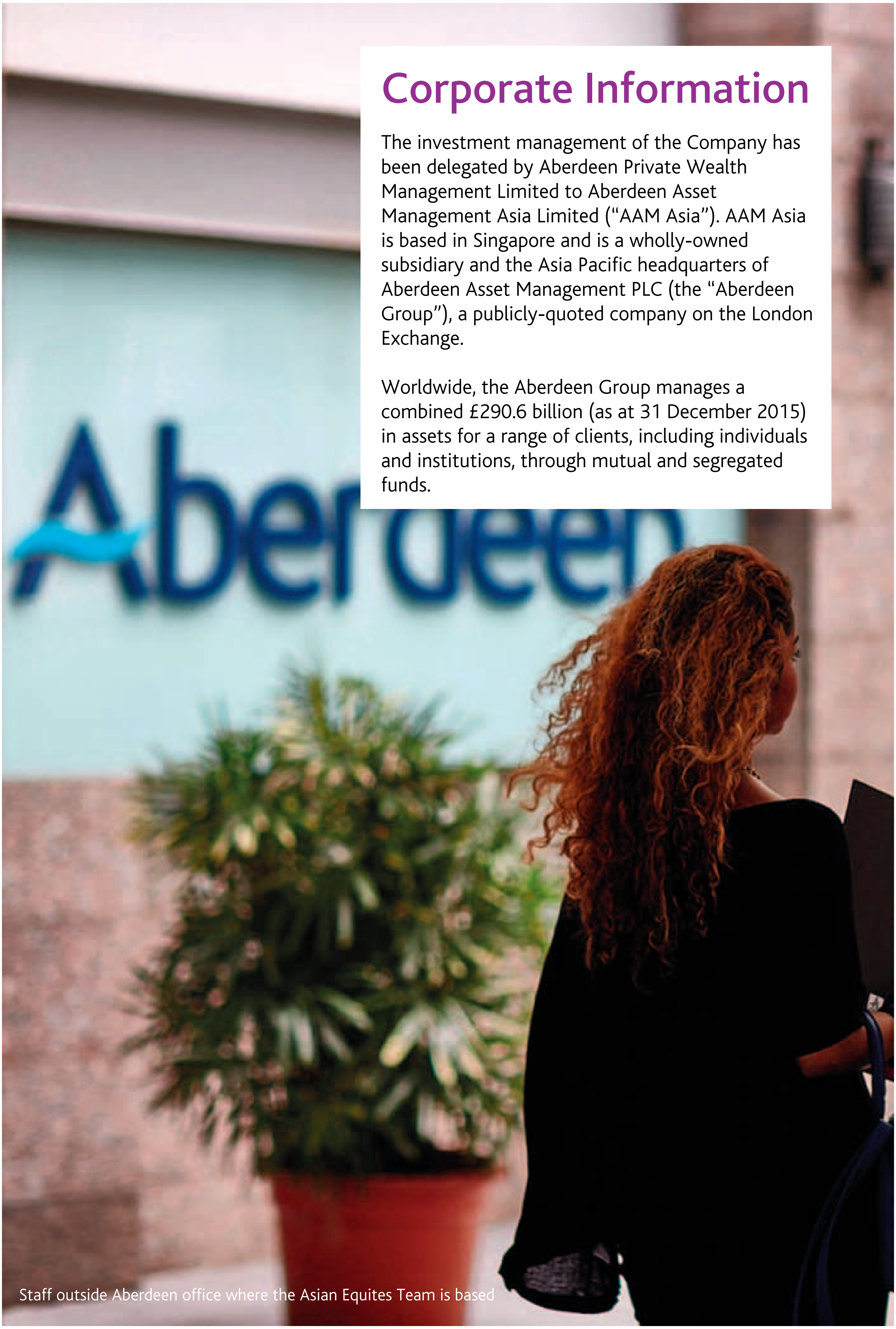
Fair values of financial liabilities

The fair value of borrowings as at the 31 December 2015 has been estimated at £39,899,000 using a discounted cash flow valuation technique. At 31 December 2014 the fair value was £29,670,000 which was the same as the carrying value due to the short term nature of the loans. Under the fair value hierarchy in accordance with IFRS 13, these borrowings can be classified as Level 2 inputs.

Corporate Information

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

Worldwide, the Aberdeen Group manages a combined £290.6 billion (as at 31 December 2015) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.



Staff outside Aberdeen office where the Asian Equites Team is based

Information about the Investment Manager

Aberdeen Asset Management Asia Limited

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

Worldwide, the Aberdeen Group manages a combined £290.6 billion (as at 31 December 2015) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

AAM Asia has been the Aberdeen Group's principal managers of Asia-Pacific assets since 1992, and had over 516 staff in the region at 31 December 2015. Total funds in the region, which are also managed from Sydney, Kuala Lumpur, Hong Kong and Bangkok, are over £52.8 billion as at 31 December 2015.

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

The Aberdeen Group manages over 93 investment companies and other closed-ended funds representing approximately £15.7 billion under management. They adhere closely to the Group's investment style which is that of fundamental investors, with an emphasis on company visits and original research.

The Investment Team Senior Managers

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

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

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

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

Information about the Investment Manager continued

The Investment Process

Philosophy and Style

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

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

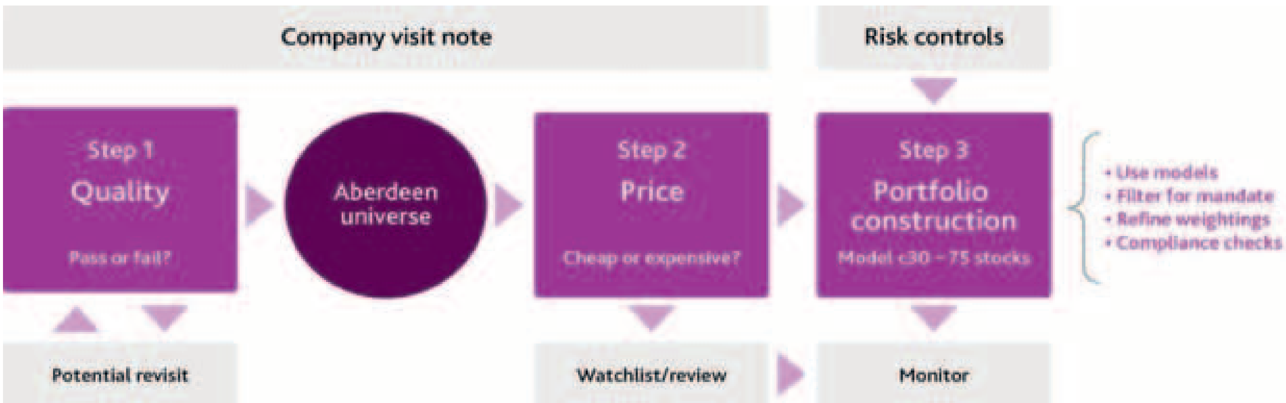
At the heart of the Investment Manager's approach is a disciplined investment process, with stock selection being a major source of added value. It estimates a company's worth in two stages, quality then price. Quality is defined by reference to management, business focus, the balance sheet and corporate governance. Price is calculated by reference to key financial ratios, the market, the peer group and business prospects. Top-down investment factors are secondary in the Investment Manager's portfolio construction, with diversification rather than formal controls guiding stock, sector and country weightings. Little regard is paid to market capitalisation, other than to ensure liquidity. The Investment Manager's portfolios are generally conservatively run, with an emphasis on traditional buy-and-hold. However, the Investment Manager takes opportunities offered by what it sees as anomalous price movements within stockmarkets to either top up or top slice positions, which typically accounts for the bulk of the activity in the portfolios. Accordingly, turnover of positions in the Investment Manager's portfolios is low.

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

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

Risk Controls

Aberdeen seeks to minimise risk by its in depth research. Divergence from an index is not seen as risk – the Manager views investment in poorly run expensive companies that are not fully understood as risk. In fact where risk parameters are expressed in index relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence diversification of stocks provides the Investment Manager’s main control. Aberdeen’s performance and investment risk unit independently monitors portfolio positions, and reports monthly. As well as attributing performance it also produces statistical analysis, which is used by the Investment Manager primarily to check the portfolio is behaving as expected, not as a predictive tool.



Investor Information

Pre-Investment Disclosure Document

Under the European Alternative Investment Fund Management Directive (AIFMD), in order to market the Company's shares within the UK, the Company and the Manager (categorised as a non-EU alternative investment fund manager) are required to make available certain disclosures to investors. These are published in a pre-investment disclosure document (PIDD) which can be found on the website asian-income.co.uk. The periodic disclosures required to be made by the Manager under AIFMD are set out on page 78.

MSCI AC Asia Pacific (ex Japan) Index

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

Website

Further information on the Company can be found on its own dedicated website: asian-income.co.uk. This allows web users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports.

Investor Warning

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

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

Suitable for Retail/NMPI Status

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

The Company currently conducts its affairs so that its securities can be recommended by IFAs to ordinary retail investors in accordance with the Financial Conduct Authorities' (''FCA'') rules in relation to non-mainstream pooled investments (NMPIs) and intends to continue to do so for the foreseeable future.

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

Keeping You Informed

For internet users, detailed data on the Company, including price, performance information and a monthly fact sheet is available from the Company's website (asian-income.co.uk) and the TrustNet website (trustnet.co.uk). Alternatively you can call 0500 00 00 40 (free when dialling from a UK landline) for investment company information.

If you have any questions about your Company, the Manager or performance, please telephone the AAM Customer Services Department (direct private investors) on 0500 00 00 40. Alternatively, internet users may email AAM at inv.trusts@aberdeen-asset.com or write to Aberdeen Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

Shareholder Enquiries

In the event of queries regarding their holdings of shares, lost certificates dividend payments, registered details, etc shareholders holding their shares in the Company directly should contact the registrars, Capita Asset Services, PO Box 532, St Helier Jersey JE4 5UW (e-mail shareholderenquiries@capitaassetservices.com) or Tel: 0371 664 0300 Lines are open 8.30a.m. to 5.30 p.m. (London Time) Monday to Friday. Calls may be recorded and monitored randomly for security and training purposes.

Changes of address must be notified to the registrars in writing. Any general enquiries about the Company should be directed to the Company Secretary, Aberdeen Asian Income Fund Limited, 40 Princes Street, Edinburgh EH2 2BY or by emailing investment.trust.company.secretarial@aberdeen-asset.com.

Investor Information continued

Direct

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

Aberdeen's Investment Plan for Children

Aberdeen runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per company, while regular savers may invest from £30 per month. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Aberdeen's Investment Trust Share Plan

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

Stocks and Shares ISA

An investment of up to £15,240 can be made in the tax year 2016/2017.

The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Investors have full voting and other rights of share ownership. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

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

Literature Request Service

For literature and application forms for the Company and the Aberdeen Group's investment company products, please contact:

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

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

Aberdeen Investment Trust Administration

PO Box 11020
Chelmsford
Essex, CM99 2DB
Telephone: 0500 00 00 40
(free when dialling from a UK landline)

Terms and conditions for the AAM managed savings products can also be found under the literature section of invtrusts.co.uk

Online Dealing details

Investor information

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

Online dealing

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

AJ Bell You Invest
Alliance Trust Savings
Barclays Stockbrokers
Charles Stanley Direct
Halifax Share Dealing
Hargreave Hale
Idealing

Selftrade
The Share Centre
Stocktrade
Hargreaves Lansdown
TD Direct
Interactive Investor

Discretionary private client stockbrokers

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

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

Regulation of stockbrokers

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

The above information on pages 73 to 75 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority.

General

Glossary of Terms and Definitions

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

Your Company's Share Capital History

Issued Share Capital at 31 December 2015

193,126,389	Ordinary Shares of no par value
1,807,000	Ordinary Shares of no par value held in Treasury

Capital History

20 December 2005	110,000,000 Ordinary Shares placed at 100p per share and 22,000,000 Warrants issued at 10p per Warrant. Ordinary Share issue applicants were entitled to purchase Warrants on the basis of one Warrant for every 10 Ordinary Shares applied for.
Year to 31 December 2007	800,000 Ordinary Shares of no par value purchased in the market for cancellation
Year to 31 December 2008	760,000 Ordinary Shares of no par value purchased in the market for cancellation
Year to 31 December 2009	1,350,000 Ordinary Shares of no par value issued for cash at a premium to the prevailing NAV
Year to 31 December 2010	7,199,001 Ordinary Shares of no par value issued for cash at a premium to the prevailing NAV
11 May 2010	160,999 Warrants exercised resulting in the issue of 160,999 new Ordinary shares
13 October 2010	885,062 Warrants exercised resulting in the issue of 885,062 new Ordinary shares
16 May 2011	14,793,009 Warrants exercised resulting in the issue of 14,793,009 new Ordinary shares
5 October 2011	5,800 Warrants exercised resulting in the issue of 5,800 new Ordinary shares
Year to 31 December 2011	6,250,000 Ordinary Shares of no par value issued for cash at a premium to the prevailing NAV
24 May 2012	1,766,974 Warrants exercised resulting in the issue of 1,766,974 new Ordinary shares
15 October 2012	814,113 Warrants exercised resulting in the issue of 814,113 new Ordinary shares
16 November 2012	60,000,000 C shares issued by way of a Placing and Offer for Subscription
Year to 31 December 2012	9,517,388 Ordinary Shares of no par value issued for cash at a premium to the prevailing NAV
4 February 2013	60,000,000 C shares converted into 30,552,000 new Ordinary Shares
17 May 2013	3,574,043 Warrants exercised resulting in the issue of 3,574,043 new Ordinary Shares. Following the exercise no Warrants remain
Year to 31 December 2013	8,425,000 Ordinary Shares of no par value issued for cash at a premium to the prevailing NAV
Year to 31 December 2014	800,000 Ordinary Shares of no par value issued for cash at a premium to the prevailing NAV
Year to 31 December 2015	500,000 Ordinary Shares of no par value issued for cash at a premium to the prevailing NAV. 1,907,000 Ordinary Shares of no par value purchased in the market at a discount to the prevailing NAV (of which 1,807,000 were held in treasury and 100,000 were cancelled)

Alternative Investment Fund Managers Directive Disclosures (Unaudited)

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

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

- Information on the investment strategy, geographic and sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- The Strategic Report, note 16 to the Financial Statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by APWML
- In accordance with the requirements of the AIFMD, the Manager's remuneration policy is available from the Company Secretaries, Aberdeen Private Wealth Management Limited on request (see contact details on page 81) and the remuneration disclosures in respect of the APWML reporting period for the year ended 30 September 2015 are available on the Company's website.

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

Notice of Annual General Meeting

Notice is hereby given that the tenth Annual General Meeting of Aberdeen Asian Income Fund Limited will be held at 1st Floor, Sir Walter Raleigh House, 48 – 50 Esplanade, Jersey JE2 3QB at 10.30 a.m. on 11 May 2016 for the following purposes:

Ordinary Business

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

1. To receive the Directors' report and financial statements for the year ended 31 December 2015, together with the Auditor's report thereon.
2. To receive and adopt the Directors' Remuneration Report (other than the Directors' Remuneration Policy).
3. To Re-elect Mr A Berzins as a Director.
4. To re-elect Mr H Young as a Director.
5. To re-elect Mr P Arthur as a Director.
6. To elect Ms K Nowak as a Director.
7. To re-appoint Ernst & Young LLP as independent Auditor and to authorise the Audit Committee to agree their remuneration.

Special Business

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

8. THAT, the Company be and is hereby generally and unconditionally authorised in accordance with the Articles of Association to make market purchases on a stock exchange of and to cancel or hold in treasury Ordinary Shares of no par value in the capital of the Company ("Ordinary Shares"), provided that:
    a) the maximum number of Ordinary Shares hereby authorised to be purchased is 14.99% of the issued share capital of the Company as at the date of the passing of this Resolution;
    b) the maximum price which may be paid for an Ordinary Share shall not be more than the higher of (i) an amount equal to 105% of the average of the middle market quotations for an Ordinary Share taken from the Official List for the 5 business days immediately preceding the day on which the Ordinary Share is purchased; and (ii) the higher of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out;
    c) the minimum price which may be paid for an Ordinary Share is 1 pence;
    d) the Company be authorised to purchase Ordinary Shares out of its unrealised capital or revenue profits less its capital or revenue losses, whether realised or unrealised; and,
    e) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2017 or, if earlier, on the expiry of 18 months from the passing of this resolution, unless such authority is renewed prior to such time.
9. THAT, for the purposes of paragraph 1 of Article 10 of the Company's Articles of Association, the Company may issue Ordinary Shares up to a maximum amount of 18,991,338 Ordinary Shares (or 10% of the total number of Ordinary Shares in issue as at the date of this resolution), provided that such disapplication shall expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting by Special Resolution) at the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2017 or eighteen months from the date of this resolution but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require Ordinary Shares to be issued after such expiry and the Directors of the Company may issue Ordinary Shares in pursuance of any such offer or agreement as if such expiry had not occurred.

1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade, St Helier, Jersey JE2 3QB
11 April 2016

By order of the Board
Aberdeen Private Wealth Management Limited
Secretaries

Notice of Annual General Meeting continued

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed.
2. Instruments of proxy and the power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to The Registrars, Aberdeen Asian Income Fund Limited, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham Kent BR3 4TU so as to arrive not less than forty eight hours before the time fixed for the meeting.
3. In accordance with Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999, to have the right to attend and vote at the meeting referred to above a member must first have his or her name entered in the Company's register of members by not later than forty eight hours before the time fixed for the meeting (or, in the event that the meeting be adjourned, on the register of members forty eight hours before the time of the adjourned meeting). Changes to entries on that register after that time (or, in the event that the meeting is adjourned, on the register of members less than forty eight hours before the time of any adjourned meeting) shall be disregarded in determining the rights of any member to attend and vote at the meeting referred to above.
4. Notes on CREST Voting.
   CREST Members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual, which is available to download from the Euroclear website (www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.
   In order for a proxy appointment or instruction made using the CREST system to be valid, the appropriate CREST message (a "CREST proxy instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 10.30am on 9 May 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications Host) from which the issuer's agent is able to retrieve the message.
   CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal systems timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or CREST sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s)) takes(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by a particular time. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual.
   The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. In any case, a proxy form must be received by the Company's registrars no later than 10.30am on 9 May 2016.
5. Shareholders are advised that unless otherwise provided, the telephone numbers and website addresses which may be set out in this Notice or the Form of Proxy/Letter of Direction are not to be used for the purpose of serving information or documents on the Company including the service of information or documents relating to proceedings at the Company's Annual General Meeting.
   If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's Ordinary Shares already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result any person holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.
6. No Director has a service contract with the Company.
7. The Register of Directors' interests is kept by the Company and available for inspection.
8. As at 31 March 2016 (being the last business day prior to the publication of this notice) the Company's issued Ordinary Share capital comprised 189,913,389 Ordinary Shares of no par value and 5,020,000 Treasury shares. Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 31 March 2016 was 189,913,389.
9. There are special arrangements for holders of Ordinary Shares through the Aberdeen Share Plan and ISA. These are explained in the 'Letter of Direction' which such holders will have received with this report

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Contact Addresses

Directors

Peter Arthur, Chairman
Charles Clarke, Audit Committee Chairman
Duncan Baxter, Senior Independent Director
Andrey Berzins
Krystyna Nowak (*appointed 7 May 2015*)
Hugh Young

Manager, Secretary & Registered Office

Aberdeen Private Wealth Management Limited
1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade
St Helier
Jersey JE2 3QB
Tel: 01534 758 847

Registered in Jersey with Number 91671

Investment Manager

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

Registrars

Capita Registrars
PO Box 532
St Helier
Jersey JE4 5UW

Tel: 01534 847 000

Transfer Agents

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

Tel: 0371 664 0300
Tel International: (+44 208 639 3399)
e-mail shareholderenquiries@capitaassetservices.com
website www.capitaassetservices.com

Bankers

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

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

Solicitors

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

Jersey Lawyers

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

Stockbrokers

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

Independent Auditor

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

Custodian

BNP Security Services S.A Jersey Branch

Website

asian-income.co.uk

United States Internal Revenue Service FATCA

Registration Number (GIIN)
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