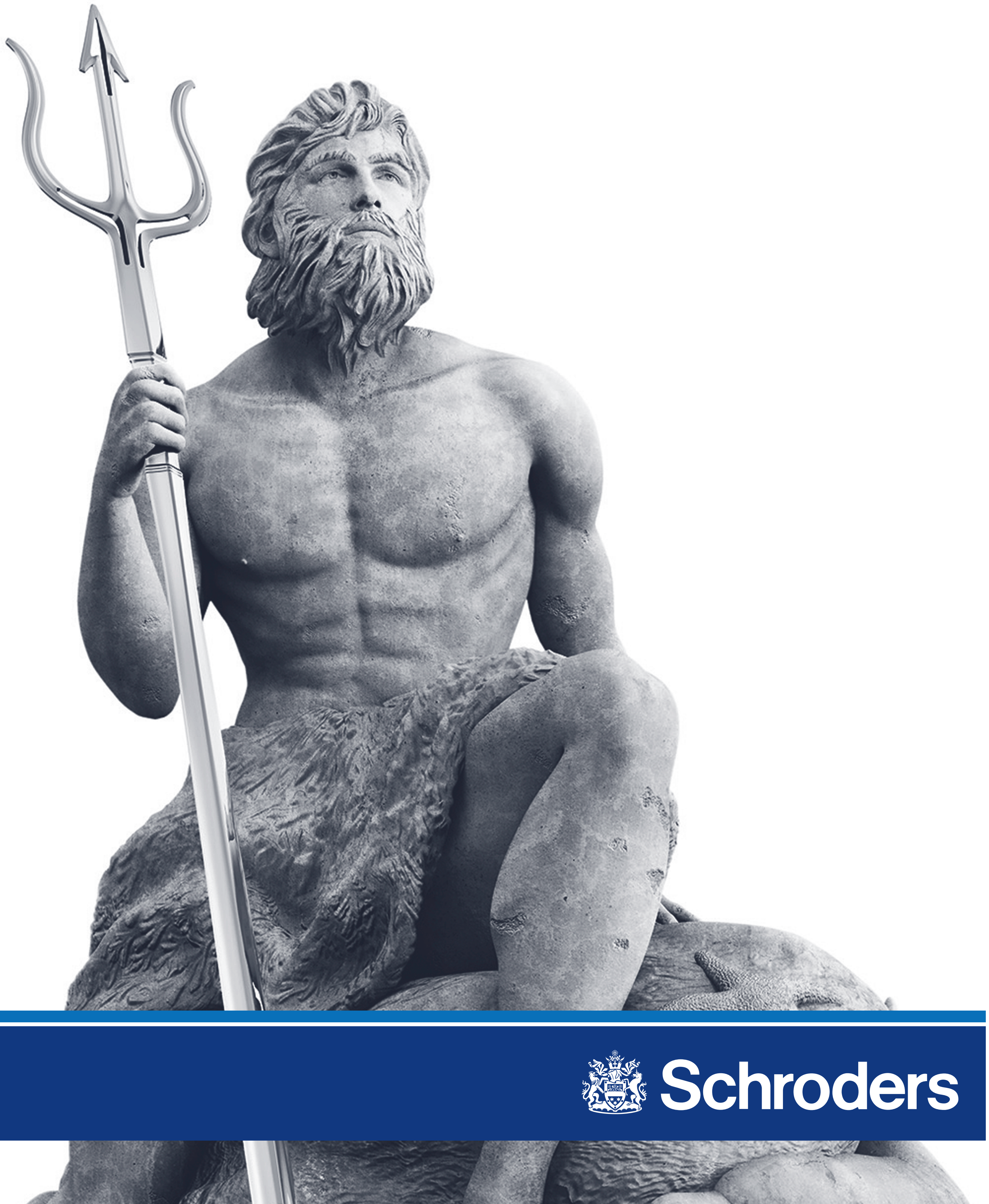
Schroder Oriental Income Fund Limited

Report and Accounts for the year ended 31 August 2015



Schroders

Investment Objective and Advisers

Investment objective

The Company's investment objective is to provide a total return for investors primarily through investments in equities and equity-related investments, of companies which are based in, or which derive a significant proportion of their revenues from, the Asia Pacific region and which offer attractive yields.

Advisers

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Contents

Financial Highlights

Total returns (including dividends reinvested) for the year ended 31 August	2015	2014	
Net asset value per share ("NAV") total return[1]	**(5.8)%**	10.9%	
Share price total return[2]	**(6.1)%**	15.2%	
Shareholders' funds, NAV per share, share price and share price premium at 31 August			% Change
Shareholders' funds (£'000)	**410,090**	428,456	(4.3)
Shares in issue	**233,071,574**	221,491,574	+5.2
NAV per share	**175.95p**	193.44p	(9.0)
NAV per share excluding undistributed current year revenue	**171.99p**	189.86p	(9.4)
Share price	**176.50p**	195.50p	(9.7)
Share price premium to NAV excluding undistributed current year revenue	**2.6%**	3.0%	
Revenue for the year ended 31 August			
Net revenue after taxation (£'000)	**19,660**	17,802	+10.4
Earnings per share	**8.73p**	8.12p	+7.5
Dividends per share	**8.00p**	7.65p	+4.6
Gearing[3]	**5.5%**	5.1%	
Ongoing Charges[4]	**0.87%**	0.88%	

[1] Source: Morningstar. The cum-income NAV total return for the year under review was (5.4)%.
[2] Source: Morningstar.
[3] Gearing represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets.
[4] Ongoing Charges represents the management fee and all other operating expenses excluding finance costs and any performance fee payable, expressed as a percentage of the average daily net asset values during the year.

Ten-Year Financial Record

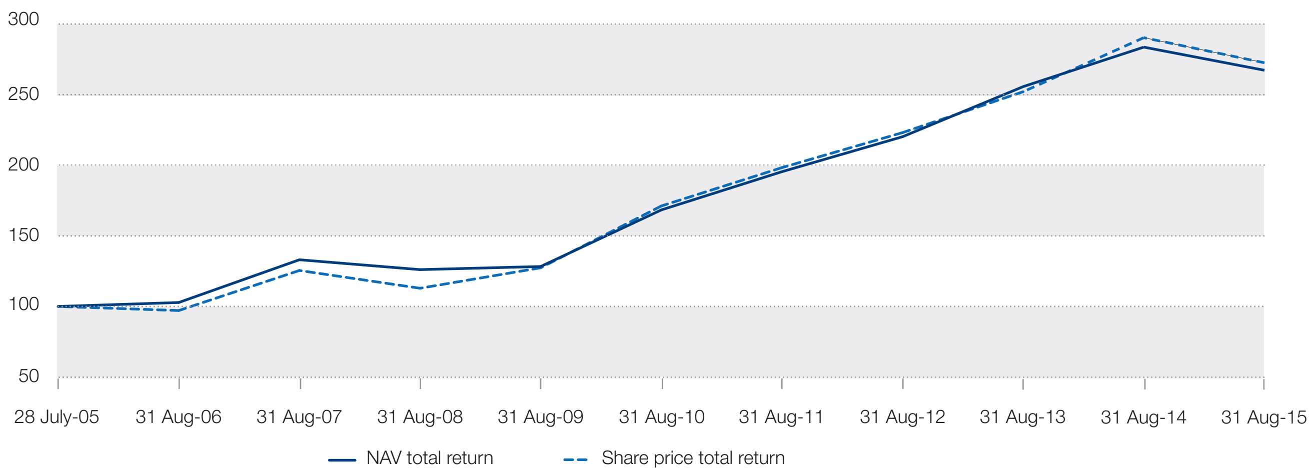
At 31 August	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Shareholders' funds (£'000)	159,631	197,265	179,011	167,604	219,199	254,070	290,324	395,926	428,456	410,090
NAV per share (pence)	101.64	125.61	115.31	109.31	136.63	152.80	165.18	181.46	193.44	175.95
Share price (pence)	95.00	117.75	101.50	106.00	136.25	152.00	164.00	177.00	195.50	176.50
Share price premium/(discount) to NAV per share (%)[1]	2.8	3.4	(8.2)	0.5	2.4	2.5	2.1	(0.4)	3.0	2.6
Gearing (%)[2]	13.4	12.2	9.6	3.9	7.7	2.4	2.7	2.1	5.1	5.5

Revenue for the year ended 31 August	2006[3]	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net revenue after taxation (£'000)	10,129	9,171	11,170	9,648	9,776	11,926	12,734	16,571	17,802	19,660
Earnings per share (pence)	6.50	5.84	7.14	6.27	6.25	7.22	7.44	8.74	8.12	8.73
Dividends per share (pence)	4.88	4.95	5.43	5.50	5.80	6.35	6.80	7.45	7.65	8.00
Ongoing Charges (%)[4]	1.00	0.96	0.95	0.98	0.98	0.92	0.93	0.93	0.88	0.87

Performance[5]	At launch on 28 July 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
NAV total return (based on capital only NAV)	100.0	102.8	133.1	126.1	128.3	168.4	195.5	220.3	255.8	283.8	267.4
Share price total return	100.0	97.1	125.5	112.9	127.4	171.2	198.4	223.2	252.2	290.5	272.7

[1] Share price premium/(discount) to NAV per share excluding undistributed current year revenue.
[2] Net assets plus borrowings used for investment purposes, less cash, expressed as a percentage of net assets.
[3] Represents the period from 28 July 2005, which is the date the Company began investing, to 31 August 2006.
[4] Ongoing Charges represents the management fee and all other operating expenses excluding finance costs and any performance fee payable, expressed as a percentage of the average daily net asset values during the year. The figures for 2011 and prior years represent the expenses calculated as above, expressed as a percentage of the average month end net asset values during the year.
[5] Source: Morningstar/Thomson Reuters. Rebased to 100 at 28 July 2005.

NAV and share price performance since launch on 28 July 2005



Source: Morningstar/Thomson Reuters. Rebased to 100 at 28 July 2005, returns as at each financial year end.

Chairman's Statement

Performance

The year ended 31 August 2015 held mixed fortunes for Asian markets and this has been reflected in the Company's results. Positive returns for the first half of the financial year were reversed in the second as concerns about China impacted all markets in Asia. The Company's net asset value produced a negative total return of 5.8% over the year ended 31 August 2015 (2014: positive total return of 10.9%) and the share price produced a negative total return of 6.1% (2014: positive total return of 15.2%).

The Manager's Review provides a more detailed description of performance, market background and investment outlook for the Company.

Dividends

Revenue earnings per share for the year increased by 7.5% to 8.73 pence per share compared with 8.12 pence per share for the previous year, benefiting from a 9.1% rise in investment income, with companies in the portfolio continuing to grow their dividends to shareholders.

Three interim dividends totalling 4.60 pence per share have been paid in respect of the year ended 31 August 2015 and the Board has now declared a fourth interim dividend of 3.40 pence per share for the year. This takes total dividends per share for the year ended 31 August 2015 to 8.00 pence, an increase of 4.6% on total dividends of 7.65 pence per share paid in respect of the previous financial year. The fourth interim dividend will be paid on 30 November 2015 to shareholders on the register on 20 November 2015.

Gearing policy

During the year under review, the Company renewed its revolving £50 million multi-currency credit facility with Scotiabank Europe Plc for a further year. Gearing stood at 5.1% at the beginning of the year and had increased to 5.5% as at 31 August 2015. The level of gearing continues to be monitored closely by the Board and managed as necessary. The Company's gearing continues to operate within pre-agreed limits so that it does not represent more than 25% of the Company's net assets.

Issue of shares and discount control management

Demand for the Company's shares continued to be strong during the year under review and the asset class has remained attractive for investors, albeit that the rate of share issues has slowed since July 2015. In this context, the Board continued to reissue shares from Treasury at a slight premium to asset value in order to provide liquidity to investors and a total of 11,580,000 ordinary shares were reissued from Treasury during the year.

A further 1,800,000 shares have been reissued from Treasury since the end of the year.

Share issuance and buy-back authorities

The Board is seeking to renew the existing authorities to pre-emptively issue and to buy back shares in the Company and appropriate resolutions are included in the Notice of the Annual General Meeting. The Board believes that these authorities are valuable tools in the continuing management of the share price volatility relative to net asset value per share. The average premium to net asset value during the year ended 31 August 2015 was 1.5%.

Management fees

In October 2015, the Board undertook its annual review of management fees. In light of the current size of the Company, the Board has agreed certain changes to the fees payable to the Manager, to take effect from 1 December 2015. The basic management fee charged on net assets of the Company above £250 million will reduce to 0.70% per annum (0.75% per annum will continue to be charged on net assets up to that amount). In addition, the fee for administrative, accounting and company secretarial services, which has remained unchanged since launch, will increase from £75,000 to £150,000 per annum. The performance fee will remain in place in its current form. These fees, other than the performance fee, will continue to be calculated and paid quarterly in arrears.

Board refreshment

The Board has considered its composition, balance and diversity and, in view of the length of service of three of its members, has considered plans for succession. The Board has commenced the search for a new Director with a view to making an appointment as soon as practicable. Following this appointment, and allowing a suitable period of time for the new Director to become familiar with their role, it is envisaged that one of the longer serving Directors will retire.

Ten year anniversary

The Company has now been in existence for 10 years, so it is timely to look back at the reasons behind its launch.

The premise then was that Asia ex Japan equities could provide an attractive diversification for UK income-oriented clients. Furthermore, for more risk-averse portfolios, an income approach could afford lower risk access to the region's growth. It's a pleasure to say that thus far the Company has delivered on this: attractive levels of dividend and growth in dividend, with returns materially above its Reference Index, the MSCI AC Pacific (ex Japan) Index, the median UK equity income fund, and the UK stock market (source: MSCI and Factset). The Company now has a market capitalisation that is nearly three times that at launch, making it more accessible for larger investors.

It begs the question, however, as to whether this success can continue. At one level, there are new challenges to the region's growth, as discussed in the Manager's Review. At another level, the role of an Asian income fund in UK investors' portfolios is now more accepted than a decade ago and indeed remains as compelling as ever.

Part of this is the success of the asset class, but part also is that large swathes of the Asian corporate sector are paying more attention to the importance of dividends as a component of shareholder returns. Of course, some companies continue to downplay the importance of dividends, the most prominent being in Korea, but we see these markets and individual companies as having potential for the future.

Above all, the Manager assures us that there is a wide and growing choice of Asian companies paying above-average dividends with good prospects for growth in those dividends. One of the flexibilities we enjoy is the scope to build up a healthy revenue reserve as well as paying out an attractive level of dividend. The reserve provides some re-assurance on dividend sustainability, as well as representing additional assets to be put to work for the Company's shareholders.

£1,000 invested in the Company at launch would, if all the dividends had been reinvested, have a value of £2,727 by 31 August 2015. Your Board is hopeful for another 10 years of success.

Annual General Meeting

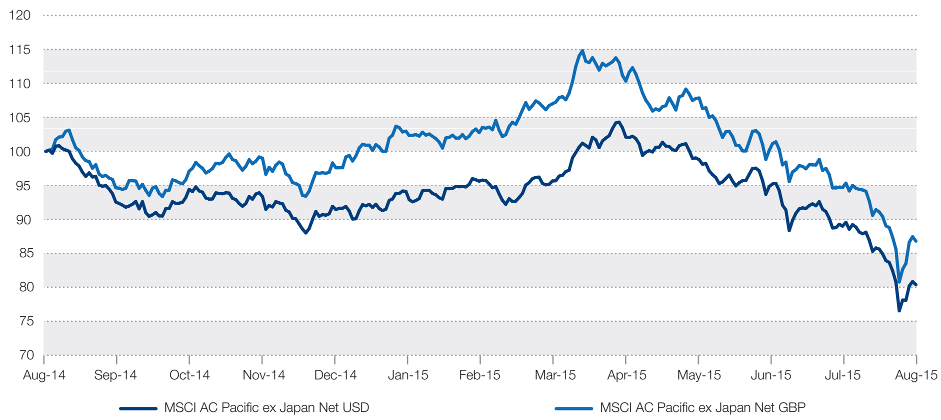
The Annual General Meeting will be held in Guernsey at 12.00 noon on Tuesday, 8 December 2015 and shareholders are invited to attend.

Robert Sinclair
Chairman

10 November 2015

The net asset value per share of the Company recorded a negative total return of 5.8% over the 12 months to 31 August 2015. A total dividend for the year has been declared of 8.00 pence, representing a 4.6% rise from the year before.

Performance of the MSCI AC Pacific ex Japan Index 31 August 2014 to 31 August 2015

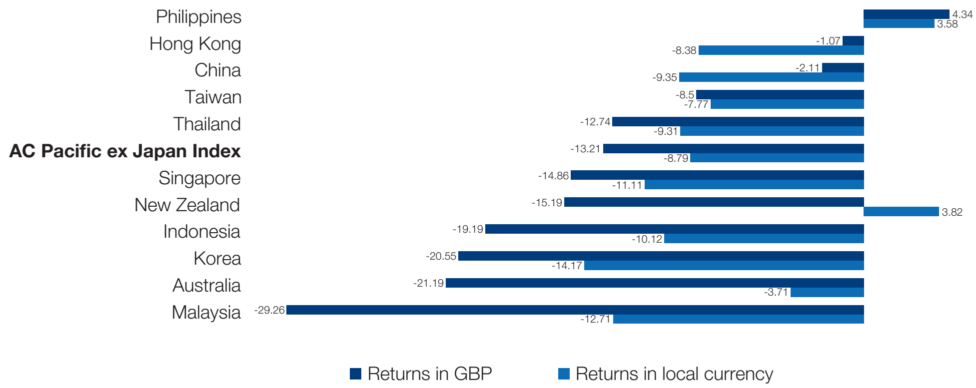


Source: Thomson Datastream as at 31 August 2015, rebased to 100 at 31 August 2014.

The second half of the Company's fiscal year witnessed significant declines in Asian stock markets. The Chinese market was a major focus for investors, with the Shanghai stock market index falling almost 40% from the peak recorded in early June, amid a raft of largely ineffective official interventions to provide support. With Chinese (and indeed regional) growth continuing to slow, and little in the way of positive developments outside the region, only one market, the Philippines, managed a positive return for the year in sterling terms.

The strength of the US dollar and the anticipation of tightening moves from the US Federal Reserve contributed to the malaise. Lower liquidity and a slowing in Chinese growth proved a lethal combination for commodity prices, and although lower energy and raw material prices are generally beneficial to the Asian economies and consumers, these sectors have been particularly weak, falling between a quarter and a third over the year in sterling terms.

MSCI AC Pacific ex Japan Index net returns by country 31 August 2014 to 31 August 2015



Source: Schroders, Factset.

Commodity exposure has played its part in the relative returns seen in Malaysia and Australia. In the latter it has been the currency that has borne the brunt of the adjustment required by the negative terms of trade impact as well as continued monetary loosening from the Reserve Bank of Australia. Malaysian equities and the currency were hard hit by lower oil prices, a collapse in the current account surplus, high foreign ownership of the local bond market and a spreading financial scandal.

Greater China markets have generally proved more defensive, aided by resilience of the currencies despite speculation surrounding the future course of the Chinese renminbi. Slowing global demand in information technology impacted the Taiwanese market, although the downside was cushioned somewhat by strong balance sheets, and a good focus on shareholder returns through attractive dividend policies.

Company positioning and performance

Although absolute returns were disappointing for the year, performance was substantially ahead of the negative total return of 13.2% by the Reference Index, the MSCI AC Pacific (ex Japan) Index. In a period of rising nervousness over growth in the region, the Company's focus on well financed companies with good cash flow returns and attractive dividends stood it in relatively good stead.

The main positive contribution to relative performance came from stock selection, most notably in Australia, Hong Kong, Taiwan, Singapore, Thailand and Korea. In terms of country positioning, the overweighting in Hong Kong, underweighting of Korea, and nil weight in Malaysia were the key areas of value added. The main headwinds to relative performance were stock selection and the underweight in China, and stock selection in New Zealand.

The main country exposures remain Hong Kong, Australia, Taiwan and Singapore. Within these markets we reduced Singapore and, to a lesser extent, Australia to fund additions to Hong Kong and, marginally, Taiwan. In sector terms, we added to materials in view of the extreme weakness of the sector, consumer discretionary and telecommunications, funded from a reduction in industrials.

Investment outlook

It is easy to paint a subdued shorter-term picture for Asian equity markets. Regional economic activity continues to slow, deflationary forces remain strong given falling currencies among important trading partners and competitors (Japan, Europe, other emerging markets), consumer confidence is generally low (with even the Chinese consumer tending to defer those little luxuries), private capital spending subdued, and there is little sign of counter-cyclical government investment apart, inevitably, from China.

While investors have derived little comfort from the recent deferral of interest rate rises by the US Federal Reserve, it is important to keep the current situation in proportion. The Asian region continues to generate reasonable levels of growth, external balances generally remain healthy, and exposure to overseas borrowing is far below the levels that proved so problematic in the Asian crisis of the late 1990s. Most governments and central banks in the region enjoy an enviable level of flexibility as regards policy options; if they have not used them it is at least as much due to their caution as it is to any inability to execute.

China remains the key source of risk. Insofar as growth has already slowed markedly, particularly in areas such as real estate, industrial capital spending and luxury consumer spending (partly a function of the anti-corruption campaign), this has already been reflected in the economic and corporate statistics coming out of the region. More difficult to assess is the fall out from the deflation of the undoubted credit bubble that has supported Chinese growth hitherto, particularly in sectors suffering from chronic oversupply.

One should not underestimate the sensitivity of markets to this process. An otherwise unremarkable adjustment to the renminbi exchange rate in early August triggered violent moves in equity markets, and not just in Asia. However, China does have some important cards in its hand including a current account surplus, ample foreign exchange reserves, high domestic savings and direct control of the banking sector.

Furthermore, valuations of Asian markets have moved more decisively to a level which, historically, has represented good value. We take some comfort from a portfolio of companies with solid balance sheets, sustainable returns, shareholder focused management and good dividend discipline. With modest levels of gearing, the Company is in a good position to take advantage of any China sourced volatility going forward.

Sector and Country Weights

Portfolio by sector (Gearing 5.5%)	Portfolio Weight (%)
Real Estate	20.5
Telecommunications	14.0
Information Technology	13.8
Banks	12.6
Materials	11.0
Consumer Discretionary	10.5
Industrials	9.5
Other Financials	5.9
Energy	4.0
Utilities	2.0
Consumer Staples	1.7
Health Care	–

Portfolio by country (Gearing 5.5%)	Portfolio Weight (%)
Hong Kong	31.9
Australia	21.4
Taiwan	14.0
Singapore	12.0
Thailand	8.1
Korea	5.6
China	5.5
Indonesia	2.2
New Zealand	2.0
UK	1.8
Philippines	1.0

Source: Schroders as at 31 August 2015.

Schroder Unit Trusts Limited
10 November 2015

Investment Portfolio

At 31 August 2015

Company	Industrial classification	Activity	Market value of holding £'000	% of total equity shareholders' funds
Fortune Real Estate Investment Trust	Real Estate Investment Trusts	Owner operator of shopping malls in Hong Kong	23,837	5.8
Taiwan Semiconductor Manufacturing	Technology Hardware and Equipment	Taiwanese manufacturer of semiconductor products	19,183	4.7
National Australia Bank	Banks	Australian bank	14,466	3.5
HSBC	Banks	Multinational bank	13,591	3.3
China Petroleum & Chemical	Oil and Gas Producers	Petroleum and petrochemical manufacturer	11,122	2.7
Hopewell	Real Estate Investment and Services	Property and toll roads operator in China and Hong Kong	10,617	2.6
Venture	Electronic and Electrical Equipment	Singapore contract manufacturing services provider	10,301	2.5
HKT Trust and HKT	Fixed Line Telecommunications	Hong Kong telecommunications provider	10,013	2.4
Swire Pacific	General Industrials	Hong Kong diversified investment company	9,669	2.4
SunCorp	Financial Services	Australian bank and general insurance provider	9,653	2.4
Macquarie Korea Infrastructure Fund	Industrial Transportation	Investor in roads, tunnels and bridges in Korea	9,605	2.3
Far EasTone Telecommunications	Mobile Telecommunications	Taiwanese provider of telecommunications services	9,007	2.2
Transurban	Industrial Transportation	Manager of urban toll road networks in Australia and the USA	8,933	2.2
Siliconware Precision	Technology Hardware and Equipment	Taiwanese manufacturer of semiconductor products	8,917	2.2
PCCW	Fixed Line Telecommunications	Hong Kong telecommunications provider	8,728	2.1
Texwinca	Personal Goods	Hong Kong producer of dyes and yarn	8,431	2.1
BOC Hong Kong	Banks	Financial services provider in Hong Kong	8,336	2.0
Fletcher Building	Construction and Materials	New Zealand based building materials manufacturer	8,138	2.0
Glow Energy	Electricity	Thai supplier of electricity and steam power	8,062	2.0
LG Chemical	Chemicals	Korean diversified petrochemical manufacturer	8,028	2.0
20 largest investments[1]			**218,637**	**53.4**
Anta Sports Products	Personal Goods	Chinese sportswear manufacturer and distributor	7,821	1.9
Intouch (including NVDR)	Technology Hardware and Equipment	Thai conglomerate	7,657	1.8
Mirvac	Real Estate Investment Trusts	Property investor and developer in Australia	7,605	1.9
Orica	Chemicals	Multinational chemical and mining services provider	7,457	1.8
BHP Billiton	Mining	Australian mining company	7,212	1.8
Amcor	General Industrials	International packaging manufacturer	7,169	1.7
Asustek Computer	Technology Hardware and Equipment	Taiwanese computer manufacturer	7,043	1.7
Hanjaya Mandala Sampoerna	Tobacco	Leading cigarette manufacturer in Indonesia	7,032	1.7
Hon Hai Precision Industry	Technology Hardware and Equipment	Multinational electronics manufacturing service provider	6,234	1.5

Investment Portfolio

At 31 August 2015

Company	Industrial classification	Activity	Market value of holding £'000	% of total equity shareholders' funds
Cheung Kong Property	Real Estate Investment and Services	Hong Kong property developer	6,096	1.5
BTS Rail Mass Transit Growth Infrastructure	Industrial Transportation	Thailand based transport infrastructure fund	5,875	1.4
China Mobile	Mobile Telecommunications	Provider of telecommunications services in China and Hong Kong	5,692	1.4
Taiwan Mobile	Mobile Telecommunications	Taiwanese telecommunications services provider	5,474	1.3
Wood Petroleum	Oil and Gas Producers	Independent oil and gas producer	5,378	1.3
United Overseas Bank	Banks	Singapore bank	5,300	1.3
Hyundai Motor	Automobiles and Parts	Korean cars, trucks and commercial vehicles manufacturer	5,292	1.3
CPN Retail Growth Property Fund	Real Estate Investment Trusts	Owner operator of shopping properties in Thailand	4,703	1.1
Sydney Airport	Industrial Transportation	Airport services provider	4,528	1.1
Frasers Commercial Trust	Real Estate Investment Trusts	Singapore commercial real estate	4,509	1.1
Hutchison Port	Industrial Transportation	Singapore port operator	4,426	1.1
Australia & NZ Banking	Banks	Australian bank	4,405	1.0
MGM China	Travel and Leisure	Casino gaming operator	3,957	1.0
Soilbuild Business Space REIT	Real Estate Investment and Services	Singapore based REIT	3,948	1.0
AMP	Life Insurance	Australian wealth management company	3,865	0.9
Incitec Pivot	Chemicals	Australian manufacturer of fertilisers and chemicals	3,847	0.9
Brambles	General Industrials	Provider of reusable pallets and crates	3,819	0.9
Mapletree Industrial Trust	Real Estate Investment Trusts	Singapore based REIT	3,697	0.9
Scentre	Real Estate Investment Trusts	Australian retail shopping centres	3,649	0.9
Bangkok Bank	Banks	Thai bank	3,638	0.9
Belle	Personal Goods	Shoe retailer in China and Hong Kong	3,546	0.9
Sands China	Travel and Leisure	Casino gaming operator in Hong Kong and Macao	3,135	0.8
Vtech	Technology Hardware and Equipment	Consumer electronics supplier based in Hong Kong	2,771	0.7
Mapletree Greater China Commercial Trust REIT	Real Estate Investment and Services	Singapore REIT investing in retail properties	2,744	0.7
Comfortdelgro	Land Transportation	Land transport service provider in Singapore	2,573	0.6
M1	Mobile Telecommunications	Singapore mobile operator	2,542	0.6
Mapletree Commercial Trust	Real Estate Investment Trusts	Singapore focused real estate investor	2,330	0.6
Pacific Textiles	Personal Goods	Chinese fabric manufacturing company	2,329	0.6
Yue Yuen Industrial	Personal Goods	Hong Kong footwear manufacturer and distributor	2,279	0.6
Iluka Resources	Mining	Australian mineral sands operator	2,274	0.6

Investment Portfolio

At 31 August 2015

Company	Industrial classification	Activity	Market value of holding £'000	% of total equity shareholders' funds
Ascott Residence REIT	Real Estate Investment Trusts	Singapore manager of serviced residences	2,158	0.5
Shimao Property	Real Estate Investment and Services	Property developer in China and Hong Kong	2,117	0.5
HKBN	Fixed Line Telecommunications	Hong Kong business internet service provider	2,084	0.5
Frasers Centrepoint Trust	Real Estate Investment Trusts	Singapore REIT investing in retail properties	2,063	0.5
Jardine Strategic	General Industrials	Hong Kong diversified investment company	2,044	0.5
Philippine Long Distance Telecom	Mobile Telecommunications	Philippines telephone service provider	2,042	0.5
Advanced Information Services	Mobile Telecommunications	Thai provider of mobile telecommunications services	2,021	0.5
Globe Telecom	Fixed Line Telecommunications	Provider of telecommunications services in Philippines	1,997	0.5
Dah Chong Hong	General Retailers	Hong Kong listed conglomerate	1,901	0.5
361 Degrees International	Personal Goods	Chinese sportswear brand company	1,763	0.4
Indonesian Government Bond 8.375% 15/03/2024	Fixed Interest	Indonesian government long term bond	1,725	0.4
SATS	Food Producers	Singapore gateway and food distributor	1,474	0.4
Delta Elt Industrial	Electronic and Electrical Equipment	Taiwanese power electronics and energy management	1,330	0.3
LPN Development	Real Estate Investment and Services	Real estate developer in Thailand	952	0.2
Giordano International	General Retailers	Hong Kong based multinational retailer	889	0.2
Far East Hospitality Trust REIT	Real Estate Investment Trusts	Singapore hospitality real estate investment trusts	683	0.2
Evergreen International	Personal Goods	Leading Hong Kong clothes retailer	462	0.1
Glorious Sun Enterprise	General Retailers	China based clothing manufacturer	453	0.1
South32	Mining	Australian base metal and coal miner	442	0.1
Total investments			**431,088**	**105.1**
Net current liabilities			**(20,998)**	**(5.1)**
Total equity shareholders' funds[2]			**410,090**	**100.0**

[1]At 31 August 2014, the 20 largest investments represented 56.7% of total equity shareholders' funds.

[2]Total equity shareholders' funds comprises:

	£'000	%
Equity investments	429,363	104.7
Fixed interest government bond	1,725	0.4
Net current liabilities	(20,998)	(5.1)
Total	**410,090**	**100.0**

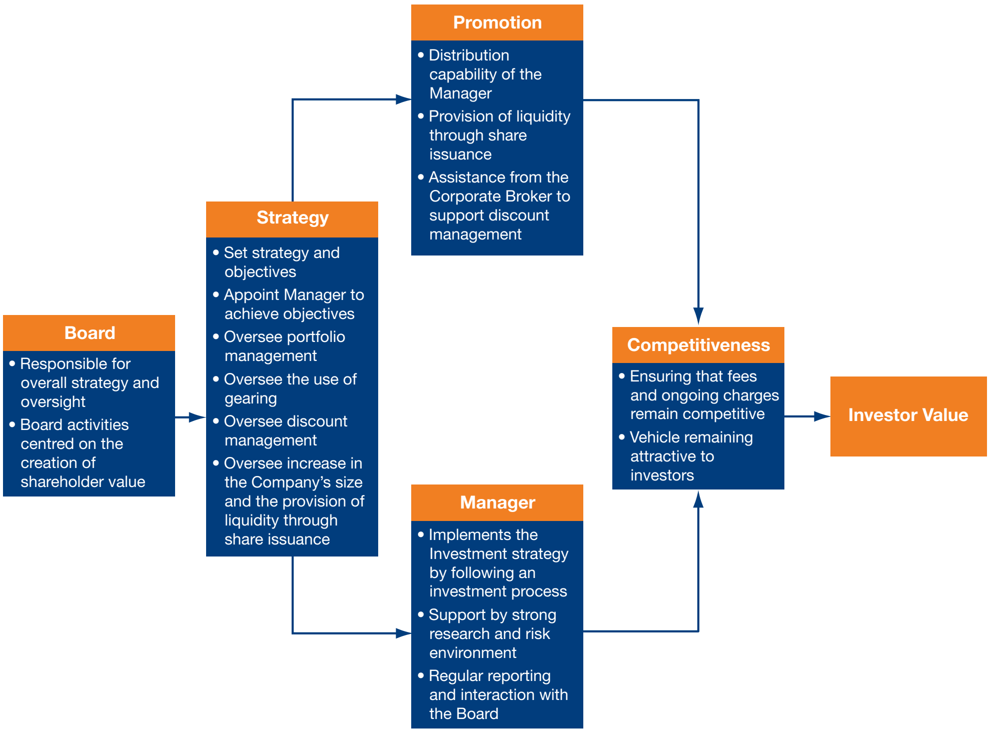
Company structure

The Company carries on business as a Guernsey-based closed-ended investment company.

It is not intended that the Company should have a limited life, and the Articles of Incorporation do not contain any provisions for review of the future of the Company at specified intervals.

Business model

The Company's business model may be demonstrated by the diagram below.



Role and composition of the Board

The Board is the Company's governing body, it sets the Company's strategy and is collectively responsible to shareholders for its long term success. The Board is responsible for appointing and subsequently monitoring the activities of the Manager and other service providers to ensure that the investment objectives of the Company continue to be met. The Board also ensures that the Manager adheres to the investment restrictions set by the Board and acts within the parameters set by it in respect of any gearing. It also identifies, monitors and manages the key risks facing the Company.

Investment activities are predominantly monitored through quarterly Board meetings at which the Board receives detailed reports and updates from the portfolio manager, who attends each Board meeting. Services from other key service providers are reviewed as appropriate.

The Company promotes its shares to a broad range of investors including discretionary wealth managers, private investors, financial advisers and institutions which have the potential to be long term supporters of the investment strategy. The

Company seeks to achieve this through its Manager and Corporate Broker, which promote the shares of the Company through regular contact with both current and potential shareholders. These activities consist of investor lunches, one-on-one meetings, regional road shows and attendances at conferences for professional investors. In addition, the Company's shares are supported by the Manager's wider marketing of investment companies targeted at all types of investors; this includes maintaining close relationships with adviser and execution-only platforms, advertising in the trade press, maintaining relationships with financial journalists and the provision of digital information on Schroders' website.

In order to support the promotion of the Company, the Board seeks to manage the share price relative to net asset value. This is achieved by assisting in providing liquidity to the market through the issuance of shares to meet investor demand. In addition, to reduce the volatility of any share price discount, the Board monitors the Company's share price relative to its underlying net asset value and the discounts of peer group companies and regularly considers the use of the Company's share buy-back authority. At times when the ordinary shares have traded at a discount, the Board has sought to maintain the price at which the ordinary shares trade relative to their net asset value at no greater than 5% over the longer term.

The Board continues to review the Company's Ongoing Charges to ensure that the total costs incurred by shareholders in the running of the Company remain competitive when measured against both closed and open-ended peers. An analysis of the Company's costs, including management and performance fees, Directors' fees and general expenses, is submitted to each Board meeting, and management fees are reviewed at least annually.

As at 31 August 2015, the Board comprised four Directors. The Board considers each of Mr Sinclair, Mr Dunlop and Mr Rigg to be independent. Mr Sherwell is not considered to be independent due to his former relationship with the Manager as disclosed in the Report of the Directors. The Board's approach to diversity is that candidates for Board vacancies are selected based on their skills and experience, which are matched against the balance of skills and experience of the existing Board, taking into account the specific criteria for the role being offered. Candidates are not specifically selected on the grounds of their gender or race but this is taken into account when the Board examines its overall balance, skill set and experience.

Investment management

The Manager is authorised and regulated by the FCA and provides portfolio management, risk management, accounting and company secretarial services to the Company under the terms of an Alternative Investment Fund Managers agreement. The Manager also provides general marketing support to the Company and manages relationships with key investors, in conjunction with the Chairman, other Board members and/or the corporate broker as appropriate. The Manager has delegated investment management, accounting and company secretarial services to another wholly owned subsidiary of Schroders plc, Schroder Investment Management Limited.

The Manager has in place appropriate professional indemnity cover.

The Schroders Group manages £294.8 billion (as at 30 September 2015) on behalf of institutional and retail investors, financial institutions and high net worth clients from around the world, invested in a broad range of asset classes across equities, fixed income, multi-asset and alternatives.

The Manager implements the investment strategy, managing the Company's assets in line with appropriate restrictions placed on it by the Board, including limits on the type and relative size of holdings which may be held in the portfolio and on the use of gearing, hedging, cash, derivatives and other financial instruments. Schroder Investment Management Limited acts as Company Secretary, providing the Board with corporate governance support, liaising with the Company's corporate broker to assist in the implementation of the Company's share issuance and discount management policies and advising the Board on key relationships with other service providers, whose services are subject to regular review.

Investment objective

The investment objective of the Company is to provide a total return for investors primarily through investments in equities and equity-related investments, of companies which are based in, or which derive a significant proportion of their revenues from, the Asia Pacific region and which offer attractive yields.

Investment strategy

The Board has delegated management of the Company's portfolio to the Manager. The Manager manages the portfolio with the aim of helping the Company to achieve its investment objective. Details of the Manager's strategy, and other factors that have affected performance during the year, are set out in the Manager's Review.

Investment policy

The investment policy of the Company is to invest in a diversified portfolio of investments, primarily equities and equity-related investments, of companies which are based in, or derive a significant proportion of their revenues from, the Asia Pacific region. The portfolio is diversified across a number of industries and a number of countries in that region. The portfolio may include government, quasi-government, corporate and high yield bonds and preferred shares. A full breakdown of the investment portfolio may be found on pages 9 to 11.

Equity-related investments which the Company may hold include investments in other collective investment undertakings (including real estate investment trusts and related stapled securities), warrants, depositary receipts, participation certificates, guaranteed performance bonds, convertible bonds, other debt securities, equity-linked notes and similar instruments (whether or not investment grade) which give the Company access to the performance of underlying equity securities, particularly where the Company may be restricted from directly investing in such underlying equity securities or where the Manager considers that there are benefits to the Company in holding such investments instead of directly holding the relevant underlying equity securities. Such investments may be listed or traded outside the Asia Pacific region. Such investments may subject the Company to credit risk against the issuing entity. The Company may also participate, subject to regulatory and tax implications, in debt-to-equity conversion programmes.

The Manager may consider writing calls over some of the Company's holdings, as a low risk way of enhancing the returns from the portfolio, although it has not written any to date. The Board has set a limit such that covered calls cannot be written over portfolio holdings representing in excess of 15% of gross assets. However, the Company may only invest in derivatives for the purposes of efficient portfolio management. Investors should note that the types of equity-related investments listed above are not exhaustive of all of the types of securities and financial instruments in which the Company may invest, and the Company will retain the flexibility to make any investments unless these are prohibited by the investment restrictions applicable to the Company.

Although the Company has the flexibility to invest in bonds and preferred shares as described above, the intention of the Directors is that the assets of the Company which are invested (that is to say, which are not held in cash, money funds, debt securities, interest bearing gilts or treasuries) will predominantly comprise Asia Pacific equities and equity-related investments.

Gearing

The Company's policy is to permit net borrowings (including foreign currency borrowings) of up to 25% of the Company's net assets (measured when new borrowings are incurred). It is intended that the Manager should have the flexibility to utilise this power to leverage the Company's portfolio in order to enhance returns where and to the extent that this is considered appropriate by the Directors.

The Company utilises a £50 million (2014: £50 million) multi-currency revolving credit facility, of which US$62.9 million (2014: Australian $75.7 million) was drawn down at the year end. The Board has set parameters within which the Manager is authorised to use the credit facility and draw down funds.

At the beginning of the year under review, gearing (as explained in note 21 on page 54) was 5.1% and at the end of the year it was 5.5%. The average gearing during the year was 5.2%. The Company's gearing continues to operate within pre-agreed limits and will not exceed 25% of the Company's net assets.

Leverage

The AIFM Directive requires the Manager to set maximum levels of leverage, using a wider definition than gearing and including the use of derivatives. The "Leverage Ratio" represents the sum of the leverage generated by all financial instruments held by the Company, as calculated in accordance with the detailed requirements of the AIFM Directive, divided by the Company's net asset value. Details on how the amount of leverage is calculated for each class of financial instrument may be found by referring to the AIFM Directive or to the detailed guidance published by the Association of Investment Companies in September 2013. The AIFM Directive requires that ratios are calculated in accordance with two methodologies, the "Gross Method" and the "Commitment Method". The essential difference between the two is that the Commitment Method allows netting off for the effect of hedges under certain strict conditions.

The Manager has set a maximum limit of 2.0 for both the Gross and Commitment Methods of calculating the ratio but expects that, under normal market conditions, the figures will be substantially lower than this limit. At 31 August 2015, the Company's Gross ratio and its Commitment ratio were both 1.1.

The Manager may change the maximum limits from time to time. Any change would be disclosed to shareholders in accordance with the AIFM Directive.

Investment philosophy and process

Stock selection is at the heart of the investment approach for the Company, with income and capital growth the key features taken into consideration. One of the Manager's strengths is its network of analysts based in Asia whose focus is on identifying companies able to grow shareholder value in the long term. Although the in-house analysts are the primary source of stock ideas, the portfolio manager also generates stock ideas through his own research and draws on a number of other sources including a proprietary quantitative screen, sell-side analysts, other investment professionals within Schroders and his own contacts in the market. A country allocation process is carried out on a monthly basis, combining the output of a proprietary quantitative model and the qualitative views of the portfolio manager.

Knowledge	Insight	Discipline	Conviction
Wide source of investment ideas	Non-consensus investment appraisal	Portfolio construction	
Schroders' locally-based analysts	Fundamentals	Valuation-driven	60-80 stocks Best-ideas
Global sector specialists (London)	Long-term	Unconstrained	
Quantitative screens	Management	Risk aware	
Sell-side research	Change	Income with growth	
	Valuation		

Stock research

The majority of the Manager's analysis is done using internal research and company valuation models. The analysts typically use standard formats to construct models and to forecast company earnings which have been developed by the Manager's global research team. This means that outputs from the models are standardised so that differences in accounting regimes are as far as possible eliminated and that comparisons can be made between companies in the same industry across the region or globally.

Stock gradings reflect a balance between the Manager's analysts' view of the quality of the company and its fair value in the marketplace, and their level of conviction.

Stock selection/portfolio construction

When constructing the portfolio for the Company, the portfolio manager focuses on stocks which have strong income and capital growth potential. Many of the stocks will already have attractive yields, but the portfolio manager also looks to exploit opportunities in stocks which are set to benefit from improving capital efficiency, rising returns and increasing shareholder distributions.

There is no minimum yield requirement applied to every stock, but portfolio construction is done with reference to an overall yield requirement.

The portfolio manager focuses on the following factors when deciding which companies to invest in:

— Valuation and potential catalyst

— Ability to increase or sustain dividend payout

— Upside to the internal estimate of fair value

— Any grade awarded by Schroders' analysts

— Relative attractiveness of other available opportunities

The resulting portfolio is well-balanced, with a notable yield orientation, and well-diversified at both a country and sector level. The portfolio manager also sets, in conjunction with the Board, the gearing of the Company.

Investment restrictions and spread of investment risk

Risk in relation to the Company's investments is spread as a result of the Manager monitoring the Company's portfolio with a view to ensuring that it retains an appropriate balance to meet the Company's investment objective.

In order to comply with the Listing Rules, the Company will not invest more than 10%, in aggregate, of the value of its total assets (calculated at the time of any relevant investment) in other investment companies or investment trusts which are listed on the Official List of the London Stock Exchange (the "Official List") (save to the extent that those investment companies or investment trusts have stated investment policies to invest no more than 15% of their gross assets in other investment companies or investment trusts which are listed on the Official List). Additionally, the Company will not:

(i) invest more than 15% of its gross assets in other investment companies or investment trusts which are listed on the Official List;

(ii) invest, either directly or indirectly, or lend more than 20% (calculated at the time of any relevant investment or loan) of its gross assets to any single underlying issuer (including the underlying issuer's subsidiaries or affiliates);

(iii) invest more than 20% (calculated at the time of any relevant investment) of its gross assets in one or more collective investment undertakings which may invest more than 20% of its gross assets in other collective investment undertakings;

(iv) invest more than 40% (calculated at the time of any relevant investment) of its gross assets in another collective investment undertaking;

(v) expose more than 20% of its gross assets to the creditworthiness or solvency of any one counterparty;

(vi) invest in physical commodities; or

(vii) invest in derivatives except for the purposes of efficient portfolio management.

In the event of any breach of the investment restrictions applicable to the Company, shareholders will be informed of the actions to be taken by the Manager by notice sent to the registered addresses of the shareholders in accordance with the Company's Articles of Incorporation or by an announcement issued through a regulatory information service approved by the FCA.

No breaches of these investment restrictions took place during the year ended 31 August 2015.

The Investment Portfolio on pages 9 to 11 and the Manager's Review on pages 6 to 8 demonstrate that, as at 31 August 2015, the portfolio was invested in 11 countries and in 12 different industry sectors within such countries. There were 77 equity holdings in the portfolio at the year end and one government bond. The Board therefore believes that the objective of spreading investment risk has been achieved in this way.

Performance

An outline of performance, market background, investment activity and portfolio strategy during the year under review, as well as outlook, is provided in the Chairman's Statement on pages 4 and 5 and the Manager's Review on pages 6 to 8.

Principal risks and uncertainties

The Board is responsible for the Company's system of risk management and internal control and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks identifying significant strategic, investment, financial, regulatory and service provider risks relevant to the Company's business as an investment company and has put in place an appropriate monitoring system. This system assists the Board in determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. Both the principal risks and the monitoring system are subject to robust review at least annually. The most recent review took place in October 2015.

Risk assessment includes consideration of the scope and quality of the systems of internal control operating within key service providers, and ensures regular communication of the results of monitoring by such providers to the Board, including the incidence of significant control failings or weaknesses that have been identified at any time and the extent to which they have resulted in unforeseen outcomes or contingencies that may have a material impact on the Company's performance or condition. No significant control failings or weaknesses were identified from the Board's ongoing risk assessment which has been in place throughout the financial year and up to the date of this Report.

Although the Board believes that it has a robust framework of internal control in place this can provide only reasonable, and not absolute, assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk.

A summary of the principal risks and uncertainties faced by the Company, and actions taken to mitigate these risks and uncertainties, is set out below.

Strategy and competitiveness risk

Over time, the Company's investment strategy and asset class may become out of favour with investors or fail to meet their investment objectives, or the Company's cost base could become uncompetitive, particularly in light of open-ended alternatives. This may result in a wide discount of the share price to underlying asset value both in absolute terms and comparative to the peer group.

In order to mitigate this risk, the Board periodically reviews whether the Company's investment remit remains appropriate and monitors the success of the Company in meeting its stated objectives at each Board meeting. The Manager monitors the share price relative to net asset value and the Board reviews the marketing and distribution activity undertaken by the Manager and the corporate broker at each Board meeting.

The level of fees charged by the Manager and the Company's other service providers is also monitored by the Board and the ongoing competitiveness of such fee levels is considered annually by the Management Engagement Committee and the Board.

Investment management risk

The Manager's investment strategy, if inappropriate, may result in the Company underperforming the market and/or peer group companies.

To mitigate this risk, the Board reviews at each Board meeting the Manager's compliance with the agreed investment restrictions; investment performance and risk against investment objectives and strategy; the portfolio's risk profile; and appropriate strategies to mitigate any negative impact of substantial changes in markets. The Board also receives an annual presentation from the Manager's internal audit function and conducts an annual review of the ongoing suitability of the Manager.

Financial and currency risks

The Company is exposed to the effect of market and currency fluctuations due to the nature of its business. A significant fall in regional equity markets or substantial currency fluctuations could have an adverse impact on the market value of the Company's underlying investments. To mitigate this risk, the Directors consider the risk profile of the portfolio at each Board meeting and discuss appropriate strategies to mitigate any negative impact of substantial changes in markets with the Manager.

The Company invests in underlying assets which are denominated in a range of currencies and therefore has an exposure to changes in the exchange rate between sterling and other currencies, which has the potential to have a significant effect on returns. While the Directors consider the Company's hedging policy on a regular basis, the Company has not hedged any of the portfolio's currency exposure back to sterling to reduce the risk of currency fluctuations and the volatility of returns which might result from such currency exposure. The Manager may use hedging as part of its investment strategy and hedged a portion of the Company's Hong Kong dollar exposure into US dollars during the year.

The Board also monitors the Manager's use of gearing and leverage in accordance with agreed guidelines and restrictions set out in the Company's investment policy. The Company utilises a credit facility, currently in the amount of £50 million, which increases the funds available for investment through borrowing. While this has the potential to enhance investment returns in rising markets, in falling markets the impact could be detrimental to performance.

To mitigate this risk, the Directors keep the Company's gearing under continual review and impose strict restrictions on borrowings. The Company's gearing continues to operate within pre-agreed limits so that it does not exceed 25% of the Company's net assets.

A full analysis of the financial risks facing the Company is set out in note 20 on pages 49 to 54.

Accounting, legal and regulatory risk

Breaches of the UK Listing Rules, the Companies (Guernsey) Law, 2008 (as amended) or other regulations with which the Company is required to comply, could lead to a number of detrimental outcomes which could damage the Company's reputation, including suspension from listing on the London Stock Exchange or a qualified audit report.

To mitigate these risks, the Board receives confirmation from the Manager and other key service providers at each Board meeting of compliance with relevant laws and regulations. Shareholder documents and announcements, including the Company's published Half Year and Annual Reports, are subject to stringent review processes, and procedures are in place to safeguard against the disclosure of inside information.

Custody and Depositary risk

Safe custody of the Company's assets may be compromised through control failures by the Safekeeping and Cashflow Monitoring Agent, including cyber hacking. To mitigate this risk, the Board receives quarterly reports from the Safekeeping and

Cashflow Monitoring Agent confirming safe custody of the Company's assets, including cash, and portfolio holdings are independently reconciled by the Manager. In addition the existence of assets is subject to annual external audit and the Safekeeping and Cashflow Monitoring Agent's audited internal controls reports are reviewed by the Audit Committee and any concerns investigated.

Service provider risk

The Company has no employees and has delegated certain functions to a number of service providers, principally the Manager, Safekeeping and Cashflow Monitoring Agent and Registrar. Failure of controls and poor performance of service providers could lead to reputational damage or loss. The Board is therefore reliant on the effective operation of the systems of its service providers. To mitigate this risk, the Board considers regular reports from key service providers and monitors the quality of services provided, and the Management Engagement Committee conducts an annual review of services to ensure that they remain appropriate. The Audit Committee also reviews annual audited internal controls reports from its key service providers, which includes confirmation of business continuity arrangements.

Viability statement

In accordance with provision C.2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council in September 2014 (the "Code"), the Directors have assessed the prospects of the Company over the three year period to 31 August 2018. The Directors consider that three years is an appropriate period to assess the viability of an investment company for the purpose of giving assurance to shareholders.

In its assessment of the viability of the Company, the Directors have considered each of the Company's principal risks and uncertainties detailed on pages 18 to 20 and in particular the impact of a significant fall in regional equity markets on the value of the Company's investment portfolio. The Directors have also considered the Company's income and expenditure projections and the fact that the Company's investments comprise readily realisable securities which can be expected to be sold to meet funding requirements if necessary.

Based on the Company's processes for monitoring operating costs, share price discount, the Manager's compliance with the investment objective, asset allocation, the portfolio risk profile, gearing, counterparty exposure, liquidity risk and financial controls, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 31 August 2018.

Responsible investment policy

The Company delegates to its Manager the responsibility for taking environmental, social and governance ("ESG") issues into account when assessing the selection, retention and realisation of investments. The Board expects the Manager to engage with investee companies on social, environmental and business ethics issues and to promote best practice. We also expect the Manager to exercise the Company's voting rights in consideration of these issues.

A description of the Manager's policy on these matters can be found on the Schroders website at www.schroders.com/ri. We note that Schroders believes that companies with good ESG management often perform better and deliver superior returns over time. Engaging with companies to understand how they approach ESG management is an integral part of the investment process. Schroders is compliant with the UK Stewardship Code and its compliance with the principles therein is reported on its website.

The Board monitors the implementation of this policy by asking the Manager to regularly report on the engagement activity, how it is integrated into the investment process, and the outcomes of the activity.

Future developments

The future performance of the Company depends upon the success of the Company's investment strategy in the light of economic factors and regional market developments. Further comments on the outlook for the Company for the next 12 months are set out in both the Chairman's Statement on page 5 and the Manager's Review on pages 6 to 8.

By Order of the Board
Schroder Investment Management Limited
Company Secretary
10 November 2015

Directors

Robert Sinclair[1,2] (Aged 66) (Chairman)
was appointed as a non-executive Director of the Company on 17 June 2005. Mr Sinclair is the Managing Director of Artemis Trustees Limited. Mr Sinclair has over 43 years experience in finance and accountancy of which 33 years have been spent in the Guernsey Financial Services industry. Mr Sinclair is a director of several companies which are quoted on the London Stock Exchange and is also a director of a number of fund management companies. He is a fellow of the Institute of Chartered Accountants in England and Wales and a member of the Institute of Chartered Accountants of Scotland. Mr Sinclair is a resident of Guernsey.

Fergus Dunlop[1,2] (Aged 57)
was appointed as a non-executive Director of the Company on 21 April 2008. Mr Dunlop is also a Director of Princess Private Equity Holding Limited. He has 28 years' experience in investment companies in London, Frankfurt, Munich and the Channel Islands. Mr Dunlop joined Mercury Asset Management (now BlackRock) in London in 1987. He managed their joint venture with Munich Reinsurance for nine years, and pioneered risk modelling of investment funds for international institutions, primarily German. He initiated the opening of MAM's German-regulated investment company in Frankfurt in 1995, to which he transferred in 1997, developing its institutional business until 2001. From 2002 to 2007 he was a managing director and partner of an award-winning quantitative fund advisory business in Munich. Mr Dunlop is a resident of Guernsey.

Peter Rigg[1,2] (Aged 67)
was appointed as a non-executive Director of the Company on 17 June 2005. Mr Rigg is the non-executive chairman of Polarcus, a Dubai-based, Norwegian listed seismic survey company and of MXC Capital plc, an AIM listed technology investment company. He is a board director of Cartesius Advisory Network, an international corporate finance and strategic advisory business based in Switzerland. Between 1989 and 1995, Mr Rigg worked for the CS First Boston Group in Hong Kong, where he held various roles, including acting as board representative of International Investment Trust Co., a leading Taipei-based fund management company; managing director and Hong Kong-based head of Asian equity capital markets; and managing director and head of investment banking for CS First Boston (Hong Kong) Limited. Prior to that, Mr Rigg worked for Credit Suisse First Boston Limited in London as director for Asian investment banking and as a solicitor in banking and private practice. Mr Rigg is a resident of Monaco.

Christopher Sherwell[2] (Aged 67)
was appointed as a non-executive Director of the Company on 17 June 2005. Mr Sherwell is a non-executive director of a number of investment-related companies. He was Managing Director of Schroders (C.I.) Limited from April 2000 until January 2004, and served as a director of various Schroder group companies and investment funds. He was a non-executive Director of Burnaby Insurance (Guernsey) Limited, a wholly-owned subsidiary of Schroders plc until December 2014. Before joining Schroders in 1993, Mr Sherwell worked as Far East regional strategist with Smith New Court Securities in London and Hong Kong. Mr Sherwell was previously a journalist, working for the Financial Times. Mr Sherwell is a resident of Guernsey.

[1]Member of the Audit and Management Engagement Committees.
[2]Member of the Nomination Committee.
Mr Rigg is chairman of the Audit and Management Engagement Committees.
Mr Sinclair is chairman of the Nomination Committee.

Report of the Directors

The Directors present their annual Report and the audited financial statements of the Company for the year ended 31 August 2015.

Dividends and dividend policy

Having already paid interim dividends amounting to 4.60 pence per share, the Board has now declared a fourth interim dividend of 3.40 pence per share for the year ended 31 August 2015 which is payable on 30 November 2015 to Shareholders on the Register on 20 November 2015. Thus, dividends for the year amount to 8.00 pence (2014: 7.65 pence) per share. This represents an increase of 4.6% over the rate of dividends payable in respect of the previous year.

Total dividends declared in respect of the year ended 31 August 2015 of £18,346,000 (2014: £16,853,000) would have resulted in retained revenue for the year of £1,314,000, but in accordance with accounting standards, the fourth interim dividend, amounting to £7,924,000, will not be accounted for until it has been paid.

In line with the Board's policy, it is expected that interim dividends on the Company's ordinary shares will be declared in respect of the quarters ended 30 November, 28 February, 31 May and 31 August in January, April, July and October/November each year.

Directors and their interests

The Directors of the Company and their biographical details can be found on page 22. All Directors held office throughout the year under review and up to the date of signing this Report.

In accordance with the Company's Articles of Incorporation and the UK Corporate Governance Code, which recommends that any Director who has served for more than nine years seek annual re-election by shareholders, Mr Robert Sinclair and Mr Peter Rigg will retire at the Annual General Meeting, being eligible, offer themselves for re-election.

Mr Christopher Sherwell was Managing Director of Schroders (C.I.) Limited from April 2000 until January 2004 and a non-executive director of the company until December 2008. He has also served as a director of various Schroder group companies and investment funds and was, until December 2014, a non-executive Director of Burnaby Insurance (Guernsey) Limited, a wholly owned subsidiary of Schroders plc. Given this connection and also his length of tenure as a Director, he therefore offers himself for re-election at the forthcoming Annual General Meeting.

Each of Mr Sinclair, Mr Rigg and Mr Sherwell are considered to be independent in character and judgement, notwithstanding that they have served on the Board for more than nine years.

No Director has any material interest in any other contract which is significant to the Company's business.

The Board, having reviewed its performance during the year, considers that each of Mr Sinclair, Mr Rigg and Mr Sherwell continues to demonstrate commitment to his role and provides a valuable contribution to the deliberations of the Board. It therefore recommends that shareholders vote in favour of each of their re-elections.

The Directors' interests in the Company's share capital at the beginning and end of the financial year ended 31 August 2015, all of which were beneficial, were as follows:

Director	Ordinary shares of 1p each 31 August 2015	Ordinary shares of 1p each 1 September 2014
Robert Sinclair	**12,142**	12,142
Fergus Dunlop	**12,142**	12,142
Peter Rigg	**12,142**	12,142
Christopher Sherwell	**12,142**	12,142

The information in the above table has been audited (see Independent Auditor's Report on pages 36 to 38).

There have been no changes in the above holdings between the end of the financial year and the date of this Report.

Share capital

As at the date of this Report, the Company had 234,871,574 ordinary shares of 1p each in issue and an additional 2,070,000 shares held in Treasury. Accordingly, the total number of voting rights in the Company at the date of this Report is 234,871,574. Full details of the Company's share capital and changes during the year under review, are set out in note 13 on page 48.

Substantial share interests

As at the date of this Report, the Company has received notifications in accordance with the FCA's Disclosure and Transparency Rule 5.1.2 R of the following interests in 3% or more of the voting rights attaching to the Company's issued share capital:

	Number of Ordinary shares	% of total voting rights
Investec Wealth & Investment Limited	30,502,031	13.00
Brewin Dolphin Limited	14,571,888	6.20
Rathbone Investment Management	11,069,985	4.71
KB Financial Services Holdings Limited	9,927,288	4.23
Charles Stanley & Co Ltd	7,860,051	3.35
Cheviot Asset Management Limited	7,789,750	3.32
Sarasin and Partners LLP	2,803,812	1.19

Manager

The Company is an Alternative Investment Fund as defined by the AIFM Directive and has appointed Schroder Unit Trusts Limited ("SUTL") as the Manager in accordance with the terms of an AIFM Agreement. The Manager has, with the approval of the Company, delegated investment management, accounting and company secretarial services to Schroder Investment Management Limited. The AIFM Agreement, which is governed by the laws of England and Wales, can be terminated by either party on 12 months' notice or on immediate notice in the event of certain breaches or the insolvency of either party. As at the date of this Report no such notice had been given by either party.

Under the terms of the AIFM Agreement, the Manager is entitled to receive a basic management fee of an amount equivalent to 0.75% per annum of the net assets of the Company, payable quarterly in arrears and calculated as at the last business day in February, May, August and November in each year while the agreement remains in force. A management fee of £3,236,000 (2014: £2,957,000) is payable in respect of the year ended 31 August 2015.

The Manager is also entitled to receive a performance fee based on the performance of the Company's adjusted net asset value per ordinary share. The performance fee is 10% of the amount by which the adjusted net asset value per ordinary share (adjusted as described below) at the end of the relevant calculation period exceeds a hurdle, being 107% of the adjusted net asset value per ordinary share at the end of the previous calculation period multiplied by the time weighted average of the number of ordinary shares in issue during the period. The net asset value as at the end of the period is adjusted as appropriate to take account of dividends, buy-backs or the issue of ordinary shares and to add back performance fees paid or accrued during the period.

The performance fee is only payable in respect of any period to the extent that the closing adjusted net asset value per ordinary share, taking account of the performance fee, exceeds the higher of 100p or the highest adjusted net asset value per ordinary share (reduced to the level at which any cap as described below applied) in respect of which a performance fee was previously paid. The total amount of any performance fee payable in respect of any one accounting period is capped at 1% of the net assets of the Company calculated at the end of that period. No performance fee was payable in respect of the year ended 31 August 2015 (2014: £1,786,000).

Any investment management fees payable to the Manager or to other subsidiaries of Schroders in respect of investments by the Company in collective investment schemes and collective investment trusts managed or advised by Schroders are deducted from the fee payable to the Manager under the AIFM Agreement. There were no such investments during the year ended 31 August 2015.

Schroder Investment Management Limited provides administrative, accounting and company secretarial services to the Company. For these services, Schroders receives a quarterly fee, payable in arrears, at the rate of £75,000 per annum.

With effect from 1 December 2015, the management fees will be revised as follows: the basic management fee payable on net assets of the Company above £250 million will reduce to 0.70% per annum (0.75% per annum will continue to be charged on net assets up to that amount); and the fee for administrative, accounting and company secretarial services will increase from £75,000 to £150,000 per annum. The performance fee will remain unchanged. These fees, other than the performance fee, will continue to be calculated and paid quarterly in arrears.

The Board has reviewed the performance of the Manager during the year under review and continues to consider that it has the appropriate depth of resource to achieve above-average returns in the longer term. Thus, the Board considers that the Manager's appointment under the terms of the AIFM Agreement, further details of which are set out above, is in the best interests of shareholders as a whole.

Safekeeping and Cashflow Monitoring Agent

HSBC Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (the "Safekeeping and Cashflow Monitoring Agent"), has been appointed to carry out certain duties of a depositary specified in the AIFM Directive including, in relation to the Company, as follows:

– safekeeping of the assets of the Company which are entrusted to it;

– cash monitoring; and
– oversight of the Company and the Manager to the extent described in the AIFM Directive.

The Safekeeping and Cashflow Monitoring Agent is liable to the Company for losses suffered by it as a result of the Safekeeping and Cashflow Monitoring Agent's negligence, wilful default, fraud or fraudulent misrepresentation.

The Company, the Manager and the Safekeeping and Cashflow Monitoring Agent may terminate the Depositary Services Agreement pursuant to which the Safekeeping and Cashflow Monitoring Agent provides these services at any time by giving 90 days' notice in writing. The Safekeeping and Cashflow Monitoring Agent may only be removed from office when a new Safekeeping and Cashflow Monitoring Agent is appointed by the Company.

Registrar

The Company has appointed Computershare Investor Services (Guernsey) Limited to act as its Registrar. The services provided in its capacity as Registrar include share register maintenance, including the cancellation and allotment of shares as required; handling shareholder queries and correspondence; arranging for the payment of dividends, maintenance and reconciliation of associated bank accounts; meeting management for company meetings including registering of proxy votes and scrutineer services as and when required; and corporate action services.

Greenhouse gas emissions

As the Company outsources its operations to third parties, it has no greenhouse gas emissions to report.

Statement of Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable Guernsey law and generally accepted accounting principles.

Guernsey Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors should:

– select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
– present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
– provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
– state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements;
– prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
– make judgements and estimates that are reasonable and prudent.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies

(Guernsey) Law, 2008 (as amended). 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.

Each of the Directors, whose names and functions are listed on page 22, confirms that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted in the EU and with the Companies (Guernsey) Law, 2008, give a true and fair view of the assets, liabilities, financial position and the net return of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Going concern

Having assessed the principal risks and the other matters discussed in connection with the viability statement, the Directors consider it appropriate to adopt the going concern basis in preparing the accounts.

A statement on the longer term viability of the Company can be found in the Strategic Report on page 20.

Provision of information to the Auditor

The Directors at the date of approval of this Report confirm that, so far as each of them is aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Independent Auditor

The Company's Auditor, Ernst & Young LLP, has expressed its willingness to remain in office and resolutions to re-appoint it as Auditor to the Company and to authorise the Directors to determine its remuneration will be proposed at the forthcoming Annual General Meeting.

Corporate Governance Statement

The Guernsey Financial Services Commission's Finance Sector Code of Corporate Governance (the "GFSC Code") came into effect on 1 January 2012 and provides a framework which applies to all companies in the regulated finance sector in Guernsey. The Company reports against the UK Corporate Governance Code, which meets the requirements of the GFSC Code.

The Board is committed to high standards of corporate governance and has implemented a framework for corporate governance which it considers to be appropriate for an investment company in order to comply with the principles of the UK Corporate Governance Code. The Financial Reporting Council published a revised version of the UK Corporate Governance Code in September 2014 (the "2014 Code") which applies to accounting periods beginning on or after 1 October 2014. Prior to that, the UK Corporate Governance Code published in 2012 (the "2012 Code") was in force. Both Codes are published by the UK Financial Reporting Council and are available to download from www.frc.org.uk.

Compliance statement

The UK Listing Authority requires all UK listed companies to disclose how they have complied with the provisions of the Code. This Corporate Governance Statement, together with the Statement of Directors' responsibilities and going concern and viability statements set out on pages 20, 26 and 27, indicates how the Company has complied with the principles of good governance of the UK Corporate Governance Code and its requirements on Internal Control.

The Board believes that the Company has, throughout the year under review, complied with all relevant provisions set out in the 2012 Code, save in respect of the appointment of a Senior Independent Director, where departure from the Code is considered appropriate given the Company's position as an investment company. The Board has considered whether a Senior Independent Director should be appointed. As the Board comprises entirely non-executive Directors, the appointment of a Senior Independent Director is not considered necessary. However, the chair of the Audit Committee effectively acts as the Senior Independent Director, leads the evaluation of the performance of the Chairman and is available to Directors and/or shareholders if they have concerns which cannot be resolved through discussion with the Chairman.

In October 2014, the Board reviewed the provisions of the revised UK Corporate Governance Code and has chosen to report against the 2014 Code in this report as it believes it has been in compliance with the 2014 Code since that time.

Operation and composition of the Board

Composition

The Board has no executive directors and has not appointed a Chief Executive Officer as it has contractually delegated responsibility for the management of its investment portfolio, the arrangement of custodial and cashflow monitoring and oversight services and the provision of accounting and company secretarial services. The Company has no employees.

Chairman

The Chairman is an independent non-executive Director who is responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. The Chairman's other significant commitments are detailed on page 22. He has no conflicting relationships.

Role and operation of the Board

The role of the Board is set out in the Strategic Report on pages 12 and 13.

A formal schedule of matters specifically reserved for decision by the full Board has been defined and a procedure adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company.

The Chairman ensures that all Directors receive relevant management, regulatory and financial information in a timely manner and that they are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and internal controls. The Board receives and considers reports regularly from the Manager and other key advisers and ad hoc reports and information are supplied to the Board as required.

The Board is satisfied that it is of sufficient size with an appropriate balance of diverse skills and experience, independence and knowledge of the Company its sector and the wider investment company industry, to enable it to discharge its duties and responsibilities effectively and that no individual or group of individuals dominates decision making.

Training and development

On appointment, Directors receive a full, formal and tailored induction. Directors are also provided on a regular basis with key information on the Company's policies, regulatory and statutory requirements and internal controls. Changes affecting Directors' responsibilities are advised to the Board as they arise. Directors also regularly participate in relevant training and industry seminars and training and development needs are included as part of the evaluation process and are agreed with the Chairman.

Conflicts of interest

The Board has approved a policy on Directors' conflicts of interest. Under this policy, Directors are required to disclose all actual and potential conflicts of interest to the Board as they arise for consideration and approval. The Board may impose restrictions or refuse to authorise such conflicts if deemed appropriate.

Board evaluation

In order to review the effectiveness of the Board, the Committees and the individual Directors, a thorough appraisal process is in place. This is implemented by way of a questionnaire and discussions with the Chairman. In respect of the Chairman himself, discussions are held between the Directors and the Audit Committee chairman. The process is considered by the Board to be constructive in terms of identifying areas for improving the functioning and performance of the Board and the Committees, the contribution of individual Directors and building and developing individual and collective strengths. The last evaluation took place in July 2015.

Directors' and Officers' liability insurance and indemnities

Directors' and officers' liability insurance cover was in place in respect of the Directors throughout the year. The Company provides a Deed of Indemnity to each Director to the extent permitted by Guernsey law whereby the Company is able to indemnify such Director against any liability incurred in proceedings in which the Director is successful, and for costs in defending a claim brought against the Director for breach of duty where the Director acted honestly and reasonably. The Deeds of Indemnity were in place throughout the year under review for each Director as appropriate.

Directors' attendance at meetings

Four Board meetings are usually scheduled each year to deal with matters including the setting and monitoring of investment strategy, approval of borrowings, review of investment performance, the level of the share price discount or premium to net asset value, promotion of the Company and evaluation of service providers. Additional meetings of the Board may be arranged as required.

The number of meetings of the Board and its Committees held during the financial year and the attendance of individual Directors are shown below. Whenever possible all Directors attend the Annual General Meeting.

Director	Board	Nomination Committee	Audit Committee	Management Engagement Committee
Robert Sinclair	4/4	1/1	2/2	1/1
Fergus Dunlop	4/4	1/1	2/2	1/1
Peter Rigg	4/4	1/1	2/2	1/1
Christopher Sherwell	4/4	1/1	N/A	N/A

The Board is satisfied that the Chairman and each of the other non-executive Directors commits sufficient time to the affairs of the Company to fulfil their duties as Directors.

Board Committees and their activities

The Committees of the Board have defined Terms of Reference which are available on the webpage www.schroderorientalincomefund.com. Membership of the Committees is set out on page 22.

Audit Committee

The role of the Audit Committee is to ensure that the Company maintains the highest standards of integrity in financial reporting and internal control. The Board considers each member of the Committee to be independent.

The Audit Committee met twice during the year under review to consider its terms of reference; the operational controls maintained by the Manager and Safekeeping and Cashflow Monitoring Agent; the Half Year and Annual Report and Accounts; the audit plan and audit engagement letter; whether an internal audit function is required; the independence of the Auditor; and an evaluation of the Auditor's performance. The Board has satisfied itself that at least one of the Committee's members has recent and relevant financial experience (see Directors' biographies on page 22).

During its review of the Company's financial statements for the year ended 31 August 2015, the Audit Committee considered the following significant issues, as well as the principal risks and uncertainties detailed on pages 18 to 20 and issues communicated by the Auditor during its reporting:

Issue considered	How the issue was addressed
– Overall accuracy of the Annual Report and Accounts	– Consideration of the draft Annual Report, a letter from the Manager in support of the letter of representation to the Auditor and the Auditor's Report to the Audit Committee.
– Calculation of investment management and performance fees	– Consideration of methodology used to calculate the fees, matched against the criteria set out in the AIFM Agreement.
– Valuation and existence of holdings	– Review of portfolio holdings and assurance reports on controls from the Manager and Safekeeping and Cashflow Monitoring Agent.
– Internal control and risk management	– Consideration of several key aspects of internal control and risk management operating within the Manager and Safekeeping and Cashflow Monitoring Agent.
– Recognition of investment income	– Consideration of confirmation from the Manager that all dividend entitlements have been received and the methodology for the allocation of special dividends to income or capital.

Effectiveness of the independent audit process

The Audit Committee evaluated the effectiveness of the independent audit firm and process prior to making a recommendation on its re-appointment at the forthcoming Annual General Meeting. This evaluation involved an assessment of the effectiveness of the Auditor's performance against agreed criteria including: qualification; knowledge, expertise and resources; independence policies; effectiveness of audit planning; adherence to auditing standards; and overall competence. As part of the evaluation, the Committee considered feedback from the Manager on the audit process and the year end report from the Auditor, which details compliance with regulatory requirements, on safeguards that have been established, and on their own internal quality control procedures. The members of the Committee also met the Auditor without representatives of the Manager present. Representatives of the Company's Auditor attend the Audit Committee meeting at which the draft Annual Report and Accounts are considered.

Having reviewed the performance of the independent Auditor as described above, the Committee considered it appropriate to recommend the firm's re-appointment.

The Auditor is required to rotate the Audit Partner allocated to the Company every five years. This is the fifth year that the current audit partner has conducted the audit of the Company's financial statements and the appointment of his successor is under consideration by the Audit Committee.

The European Parliament and the Council of the European Union adopted an amending Directive on statutory audits of annual accounts and consolidated accounts in April 2014, which will affect companies across all member states in respect of financial years commencing on or after 17 June 2016. The reforms include the mandatory periodic tendering of the audit contract and rotation of audit firms and, while not applicable to Guernsey-domiciled companies, the Audit Committee is considering the impact of the reforms, which it will adopt in order to comply with best practice.

Provision of non-audit services

The Audit Committee has adopted a policy on the engagement of the Company's Auditor to supply non-audit services to the Company. No amounts (2014: nil) were payable to the Auditor for non-audit services during the year under review. The Committee ensures that auditor objectivity and independence are safeguarded by a policy requiring pre-approval by the Committee for all non-audit services, which takes into consideration: confirmation from the Auditor that it has adequate arrangements in place to safeguard its objectivity and independence in carrying out such work, within the meaning of the regulatory and professional requirements to which it is subject; the fees to be incurred, relative to the audit fees; the nature of the non-audit services; and whether the Auditor's skills and experience make it the most suitable supplier of such services and whether it is in a position to provide them.

Nomination Committee

The Nomination Committee advises the Board on succession planning bearing in mind the balance of skills, knowledge and experience existing on the Board and will make recommendations to the Board in this regard. The Nomination Committee advises the Board on its balance of relevant skills, experience, gender, race, age and length of service of the Directors serving on the Board.

Before the appointment of a new Director, the Nomination Committee prepares a description of the role and capabilities required for a particular appointment. While the Committee is dedicated to selecting the best person for the role, it also recognises the importance of diversity.

Candidates are drawn from suggestions put forward from within the Company or by the use of an external agency. Candidates are then interviewed by members of the Nomination Committee, which makes recommendations to the Board.

The Committee met on one occasion during the year under review to consider its terms of reference, the balance, skills, independence and experience of the Board and the approach towards selecting candidates for a new Director. Discussions regarding candidates and succesion plans remained ongoing at the year end.

Management Engagement Committee

The role of the Management Engagement Committee is to ensure that the Manager remains suitable to manage the portfolio, that the terms of the AIFM Agreement are competitive and reasonable for shareholders, that Directors' fees remain competitive and that the Company maintains appropriate administrative and company secretarial support. The Committee also reviews the services provided by other service providers. The Board considers each member of the Committee to be independent.

To discharge its duties, the Committee met on one occasion during the year ended 31 August 2015 and considered its terms of reference, the performance and suitability of the Manager, the terms and conditions of the AIFM Agreement, the performance and suitability of other service providers and the fees paid to Directors.

Relations with shareholders

Shareholder relations are given high priority by both the Board and the Manager. The prime medium by which the Company communicates with shareholders is through the Half Year Report and the Annual Report which aim to provide shareholders with a clear understanding of the Company's activities and its results.

The Chairmen of the Board and its Committees attend the Annual General Meeting ("AGM") and are available to respond to queries and concerns from shareholders.

It is the intention of the Board that the Annual Report and Notice of the AGM be issued to shareholders so as to provide at least 20 working days' notice of the AGM. Shareholders wishing to lodge questions in advance of the AGM are invited to do so by writing to the Company Secretary at the address given on the inside front cover.

The Company has adopted a policy on complaints and other shareholder communications which ensures that shareholder complaints and communications addressed to the Company Secretary, the Chairman or the Board are, in each case, considered by the Chairman and by the Board.

Anti bribery and corruption policy

The Company continues to be committed to carrying out its business fairly, honestly and openly and to operate an anti bribery and corruption policy.

This policy expressly prohibits any Director or persons acting on the Company's behalf from accepting, offering, soliciting, paying or authorising any payment, gift or hospitality to secure any improper benefit for themselves or the Company. In pursuance of this policy, the Board has undertaken due diligence in respect of persons who perform services for and on behalf of the Company and has obtained assurances that appropriate anti bribery and corruption policies are in operation.

Internal audit

The Company does not have an internal audit function; it delegates to third parties most of its operations and does not employ any staff. The Board will continue to review annually whether a function equivalent to internal audit is needed.

Internal control and risk management systems

Information on the Company's internal control and risk management systems can be found in the Strategic Report on pages 18 to 20.

By Order of the Board
Schroder Investment Management Limited
Company Secretary
10 November 2015

Remuneration Report

Introduction

This Report is prepared in accordance with best practice.

The Directors' Annual Report on Remuneration is subject to shareholder approval at the forthcoming Annual General Meeting ("AGM") as described below.

Remuneration Policy

The determination of the Directors' fees is a matter dealt with by the Management Engagement Committee and the Board.

It is the Board's policy to determine the level of Directors' remuneration having regard to amounts payable to non-executive directors in the industry generally, the role that individual directors fulfil in respect of Board and Committee responsibilities, and time committed to the Company's affairs, taking into account the aggregate limit of fees set out in the Company's Articles of Incorporation (currently £150,000). Any increase in the level set out therein requires approval by the Board and the Company's shareholders. The Chairman of the Board and the chairman of the Audit Committee each receive fees at a higher rate than the other Directors to reflect their additional responsibilities. The fees payable to Directors are not performance related. They are set at a level to recruit and retain individuals of sufficient calibre, with the level of knowledge, experience and expertise necessary to promote the success of the Company in reaching its short and long term strategic objectives.

The Board and its Committees are comprised of non-executive Directors. No Director past or present has an entitlement to pensions, and the Company has not awarded, and does not intend to award, any share options or long term performance incentives to any Director. No Director has a service contract with the Company, however, Directors have a letter of appointment with the Company and are not entitled to notice in the event of termination. Directors do not receive exit payments and are not provided with any compensation for loss of office. No other payments are made to Directors other than the reimbursement of reasonable out-of-pocket expenses incurred in attending to the Company's business.

The terms of Directors' letters of appointment are available for inspection at the Company's registered office address during normal business hours and during the AGM at the location of such meeting.

The Board did not seek the views of shareholders in setting this Remuneration Policy. Any comments on the Policy received from shareholders would be considered on a case-by-case basis.

As the Company does not have any employees, no employee pay and employment conditions were taken into account when setting this Remuneration Policy and no employees were consulted in its construction.

Directors' fees are reviewed annually and take into account research from third parties on the levels of fees paid to directors of peer group companies, as well as industry norms and factors affecting the time commitment expected of the Directors. New Directors are subject to the provisions set out in this Remuneration Policy.

Annual Report on implementation of the Remuneration Policy

This Report sets out how the Remuneration Policy was implemented during the year ended 31 August 2015.

Fees paid to Directors

During the year ended 31 August 2015, the Directors received fees of £25,000 per annum and the Chairman received fees of £30,000 per annum to reflect his more onerous role. The chairman of the Audit Committee received an additional fee of £2,750.

The following amounts were paid by the Company to the Directors for services as non-executive Directors in respect of the year ended 31 August 2015 and the previous financial year:

Director	Salary/fees	
	2015	2014
Robert Sinclair (Chairman)	£30,000	£30,000
Fergus Dunlop	£25,000	£25,000
Peter Rigg	£27,750	£27,750
Christopher Sherwell	£25,000	£25,000
Total	**£107,750**	**£107,750**

The information in the above table has been audited.

Consideration of matters relating to Directors' remuneration

Directors' remuneration levels were last reviewed by the Management Engagement Committee and the Board in October 2015. The members of the Committee at the time that remuneration levels were considered were as set out on page 22. No external advice was sought in considering Directors' fee levels. However information on fees paid to Directors of other investment companies managed by Schroders and peer group companies was taken into consideration.

Following this review, the Board agreed that the fee paid to the Chairman would increase to £35,000 per annum, the fees paid to Directors would increase to £30,000 per annum and the additional fee paid to the Chairman of the Audit Committee would increase to £32,750 per annum. These increases took effect from 1 September 2015.

Directors' fees were last increased from September 2012 and the Board is minded to consider fee increases on a three-year cycle. Fees will however continue to be reviewed on an annual basis.

A proposal to increase the aggregate limit of Directors' fees from £150,000 to £200,000 per annum is being put forward for approval by shareholders at the forthcoming AGM. Further details can be found in the Explanation of Special Business at the AGM on page 55.

Expenditure by the Company on Directors' Remuneration compared with distributions to Shareholders

The table below compares the remuneration payable to Directors to distributions to shareholders in respect of the year under review and the prior financial year. In considering these figures, shareholders should take into account the Company's principal investment objective of achieving capital growth.

	Year ended 31 August 2015 £'000	Year ended 31 August 2014 £'000	Change %
Remuneration payable to Directors	108	108	Nil
Distributions to shareholders – dividends paid[1]	17,440	16,436	+6.1

[1]Comprises dividends paid to shareholders during the year.

Directors' share interests

The Company's Articles of Incorporation do not contain a provision requiring Directors to own shares in the Company. The shareholdings of Directors, including those of connected persons, at the beginning and end of the financial year under review are set out in the Report of the Directors on page 24. Such information has been audited.

The Company does not operate a share scheme for Directors nor does it award Directors' share options.

Implementation of the Remuneration Policy for the year ending 31 August 2016

The Board does not intend to make any significant changes to the implementation of the Directors' Remuneration Policy as set out in this Report for the year ending 31 August 2016.

Shareholder approval

Remuneration Policy

The above Remuneration Policy is currently in force and is subject to a binding vote every three years. The Policy was last approved by shareholders at the last AGM, therefore the full Policy provisions will remain in force until the AGM to be held in 2017 unless a revised Remuneration Policy is approved by shareholders prior to that meeting.

At the AGM held on 4 December 2014, 99.88% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Remuneration Policy were in favour while 0.12% were against. 13,157 votes were withheld.

Directors' Annual Report on Remuneration

The above Report on Directors' Remuneration is subject to an annual advisory vote. An ordinary resolution to approve this Report will be put to shareholders at the forthcoming AGM.

At the AGM held on 4 December 2014, 99.88% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Report on Remuneration for the year ended 31 August 2014 were in favour while 0.12% were against 13,157 votes were withheld.

Robert Sinclair
Chairman
10 November 2015

Independent Auditor's Report to the Members of Schroder Oriental Income Fund Limited

Our audit opinion on the financial statements

In our opinion the financial statements:

– Give a true and fair view of the state of Schroder Oriental Income Fund Limited's (the "Company's") affairs as at 31 August 2015 and of its loss for the year then ended;
– Have been properly prepared in accordance with IFRSs as adopted by the European Union; and
– Have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

What we have audited

We have audited the financial statements of the Company for the year ended 31 August 2015 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Balance Sheet, Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 26 and 27, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

– whether the accounting policies applied 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 and Accounts 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.

Independent Auditor's Report to the Members of Schroder Oriental Income Fund Limited

Our assessment of risks of material misstatement and our audit response

The risks included in the table below represent those material risks of misstatement that have had the greatest impact on our audit strategy and approach for the year ended 31 August 2015 (including the allocation of resources and the directing of efforts of the engagement team). The table also includes our audit response to each of these risks:

Risk identified	Our response
The valuation of the assets held in the investment portfolio is the key driver of the Company's investment return. The value of the Company's investment portfolio at 31 August 2015 was £431.1m and movements in the investment portfolio are shown in Note 10 to the financial statements. Incorrect investment pricing could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.	– We agreed the year end prices of the investments to an independent source and did not note any material differences. – We agreed the number of shares held in each security to a confirmation of legal title received from both the Company's custodian and its depositary.

Our application of materiality

We determined materiality for the Company to be £4.1m, which is one per cent of total equity (2014: £4.3m based on one per cent of total equity). We have derived our materiality calculation based on a proportion of total equity as we consider it to be the most important financial metric on which shareholders would judge the performance of the Company.

We determined performance materiality for the Company to be 75% of materiality, or £3.1m (2014: 75% of materiality or £3.2m). Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in all accounts did not exceed our planning materiality level.

In addition, we agreed with the Audit Committee that we would report any audit differences in excess of £0.2m (2014: £0.2m), as well as any differences below that threshold that, in our view, warranted reporting on qualitative grounds.

In accordance with the scope of our audit, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements.

We apply the concept of materiality for the purposes of obtaining sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement. For this reason, we also define a separate performance materiality threshold which reflects our tolerance for misstatement in an individual account balance and is set as a proportion of our overall materiality.

Our objective in setting the performance materiality threshold is to identify the amount of testing required in respect of each balance to reduce to an appropriately low level the probability that the aggregate of any uncorrected and undetected misstatements in the financial statements as a whole exceeds our materiality level.

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

We applied the concept of materiality in planning and performing our audit, in evaluating the effect of identified misstatements on our audit and of uncorrected misstatements on the financial statements, and in forming our audit opinion. When establishing our overall audit strategy, we determined the magnitude of omissions or uncorrected misstatements that we judged would be material to the financial statements as a whole. This provided a basis for determining the nature of our risk assessment procedures, identifying and assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures.

Independent Auditor's Report to the Members of Schroder Oriental Income Fund Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the matters set out below:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

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

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

We have nothing material to add or draw attention to in relation to:

(a) 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;

(b) the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;

(c) 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 12 months from the date of approval of the financial statements; and

(d) 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 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.

Under the Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

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

Michael Bane
For and on behalf of Ernst & Young LLP
Guernsey, Channel Islands
10 November 2015

Statement of Comprehensive Income

for the year ended 31 August 2015

	Note	2015			2014		
		Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments at fair value through profit or loss	2	–	(46,719)	(46,719)	–	28,387	28,387
Net foreign currency gains		–	5,968	5,968	–	210	210
Income from investments	3	23,002	–	23,002	21,074	878	21,952
Other income	3	9	–	9	24	–	24
Total income/(loss)		23,011	(40,751)	(17,740)	21,098	29,475	50,573
Management fee	4	(971)	(2,265)	(3,236)	(887)	(2,070)	(2,957)
Performance fee	4	–	–	–	–	(1,786)	(1,786)
Other administrative expenses	5	(620)	(5)	(625)	(566)	(3)	(569)
Profit/(loss) before finance costs and taxation		21,420	(43,021)	(21,601)	19,645	25,616	45,261
Finance costs	6	(311)	(726)	(1,037)	(272)	(629)	(901)
Profit/(loss) before taxation		21,109	(43,747)	(22,638)	19,373	24,987	44,360
Taxation	7	(1,449)	–	(1,449)	(1,571)	–	(1,571)
Net profit/(loss) and total comprehensive income		19,660	(43,747)	(24,087)	17,802	24,987	42,789
Earnings/(loss) per share	9	8.73p	(19.43)p	(10.70)p	8.12p	11.40p	19.52p

The "Total" column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS. The "Revenue" and "Capital" columns represent supplementary information prepared under guidance issued by the Association of Investment Companies.

All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The notes on pages 43 to 54 form an integral part of these accounts.

Statement of Changes in Equity

for the year ended 31 August 2015

	Share capital £'000	Treasury share reserve £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 31 August 2013	148,880	(35,624)	39	150,374	113,864	18,393	395,926
Reissue of ordinary shares from Treasury	–	6,177	–	–	–	–	6,177
Net profit	–	–	–	–	24,987	17,802	42,789
Dividends paid in the year	–	–	–	–	–	(16,436)	(16,436)
At 31 August 2014	148,880	(29,447)	39	150,374	138,851	19,759	428,456
Reissue of ordinary shares from Treasury	–	23,161	–	–	–	–	23,161
Net (loss)/profit	–	–	–	–	(43,747)	19,660	(24,087)
Dividends paid in the year	–	–	–	–	–	(17,440)	(17,440)
At 31 August 2015	**148,880**	**(6,286)**	**39**	**150,374**	**95,104**	**21,979**	**410,090**

The notes on pages 43 to 54 form an integral part of these accounts.

Balance Sheet

at 31 August 2015

	Note	2015 £'000	2014 £'000
Non current assets			
Investments at fair value through profit or loss	10	431,088	451,605
Current assets			
Receivables	11	3,090	2,490
Cash and cash equivalents		18,259	20,575
		21,349	23,065
Total assets		452,437	474,670
Current liabilities			
Payables	12	(42,347)	(46,214)
Net assets		410,090	428,456
Equity attributable to equity holders			
Share capital	13	148,880	148,880
Treasury share reserve	14	(6,286)	(29,447)
Capital redemption reserve	14	39	39
Special reserve	14	150,374	150,374
Capital reserves	14	95,104	138,851
Revenue reserve	14	21,979	19,759
Total equity shareholders' funds		410,090	428,456
Net asset value per share	15	175.95p	193.44p

The notes on pages 43 to 54 form an integral part of these accounts.

These accounts were approved and authorised for issue by the Board of Directors on 10 November 2015 and signed on its behalf by:

Robert Sinclair
Chairman

Registered in Guernsey
Company registration number: 43298

Cash Flow Statement

for the year ended 31 August 2015

	2015 £'000	2014 £'000
Operating activities		
(Loss)/profit before finance costs and taxation	**(21,601)**	45,261
Less exchange gains on foreign currency bank loan	**(5,807)**	(109)
Less losses/(gains) on investments at fair value through profit or loss	**46,719**	(28,387)
Net purchases of investments at fair value through profit or loss	**(25,666)**	(17,564)
Increase in receivables	**(631)**	(854)
(Decrease)/increase in payables	**(2,564)**	207
Overseas taxation paid	**(1,467)**	(1,491)
Net cash outflow from operating activities before interest	**(11,017)**	(2,937)
Interest paid	**(1,114)**	(827)
Net cash outflow from operating activities	**(12,131)**	(3,764)
Financing activities		
Net bank loans drawn down	**4,094**	16,430
Reissue of ordinary shares from Treasury	**23,161**	6,177
Dividends paid	**(17,440)**	(16,436)
Net cash inflow from financing activities	**9,815**	6,171
(Decrease)/increase in cash and cash equivalents	**(2,316)**	2,407
Cash and cash equivalents at the start of the year	**20,575**	18,168
Cash and cash equivalents at the end of the year	**18,259**	20,575

The notes on pages 43 to 54 form an integral part of these accounts.

1. Accounting Policies

(a) Basis of accounting

The accounts have been prepared in accordance with the Companies Guernsey Law, 2008 and International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee ("IASC"), that remain in effect and to the extent that they have been adopted by the European Union.

Where consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with presentational guidance set out in the Statement of Recommended Practice for Investment Trust Companies (the "SORP") issued by the Association of Investment Companies in January 2009.

The policies applied in these accounts are consistent with those applied in the preceding year.

The Company's share capital is denominated in sterling and this is the currency in which its shareholders operate and expenses are generally paid. The Board has therefore determined that sterling is the functional currency and the currency in which the accounts are presented. Amounts have been rounded to the nearest thousand.

The accounts have been prepared on the going concern basis. The disclosures on going concern in the Directors' Report on page 27 form part of these financial statements. The principal accounting policies adopted are set out below.

(b) Presentation of the Statement of Comprehensive Income

In order to better reflect the activities of an investment company and in accordance with the recommendations of the SORP, supplementary information has been presented which analyses items in the Statement of Comprehensive Income between those which are income in nature and those which are capital in nature.

(c) Investments at fair value through profit or loss

Investments are recognised and derecognised on the trade date where a purchase or sale is under a contract whose terms require delivery within a timeframe established by the market concerned.

Investments are designated upon initial recognition as "investments at fair value through profit or loss", and are measured at subsequent reporting dates at fair value, which are quoted bid market prices for investments traded in active markets.

(d) Accounting for reserves

Gains and losses on sales of investments, including the related foreign exchange gains and losses, are shown separately in the Statement of Comprehensive Income and included in capital reserves within "Gains and losses on sales of investments". Increases and decreases in the valuation of investments held at the year end, including the related foreign exchange gains and losses, are included in the Statement of Comprehensive Income and in capital reserves within "Holding gains and losses on investments".

Foreign exchange gains and losses on cash and deposit balances are included in the Statement of Comprehensive Income and in capital reserves. Unrealised exchange gains and losses on foreign currency loans are included in the Statement of Comprehensive Income and dealt with in capital reserves.

(e) Income

Dividends receivable from equity shares are included in revenue on an ex-dividend basis except where, in the opinion of the Board, the dividend is capital in nature, in which case it is included in capital.

Income from fixed interest debt securities is recognised using the effective interest method.

Deposit interest outstanding at the year end is calculated and accrued on a time apportionment basis using market rates of interest.

(f) Expenses

All expenses are accounted for on an accruals basis. Expenses are allocated wholly to revenue with the following exceptions:

– The management fee is allocated 30% to revenue and 70% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.

– Any performance fee is allocated 100% to capital.

– Expenses incidental to the purchase or sale of investments are charged to capital. These expenses are commonly referred to as transaction costs and mainly comprise brokerage commission. Details of transaction costs are given in note 10 on page 47.

(g) Finance costs

Finance costs, including any premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in profit or loss using the effective interest method.

Finance costs are allocated 30% to revenue and 70% to capital in line with the Board's expected long term split of revenue and capital return from the Company's investment portfolio.

(h) Other financial assets and liabilities

Cash and cash equivalents may comprise cash and demand deposits which are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value. Other receivables are non interest bearing, short term in nature and are accordingly stated at nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Interest bearing bank loans are initially recognised at cost, being the proceeds received net of direct issue costs, and subsequently at amortised cost.

(i) Taxation

The taxation charge in the Statement of Comprehensive Income comprises irrecoverable overseas withholding tax deducted from dividends receivable.

(j) Foreign currency

The results and financial position are expressed in sterling. Transactions in currencies other than sterling are recorded at the rates of exchange prevailing on the dates of the transaction. At each balance sheet date, monetary items and non monetary assets and liabilities that are denominated in currencies are retranslated at the rates prevailing on the balance sheet date. Gains or losses arising on translation are included in net profit or loss for the year and presented as revenue or capital as appropriate.

(k) New and amended Accounting Standards

The following amendments to IFRSs became applicable in the current year but had no impact on the Company's accounts:

Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities

Amendments to IAS 32 on financial instruments asset and liability offsetting

Amendment to IAS 36 , "Impairment of assets" on recoverable amount disclosures

Amendment to IAS 39 "Financial instruments: Recognition and measurement", on novation of deriavtive and hedge accounting

At the date of authorisation of these financial statements, the following new and amended IFRSs are in issue but are not yet effective and have not been applied in these accounts:

IFRS 5 (amended) Non-current Assets Held for Sale and Discontinued Operations

IFRS 7 (amended) Financial Instruments: Disclosures

IFRS 9 (2014) Financial Instruments

IFRS 14 Regulatory Deferral Accounts

IFRS 15 Revenue from Contracts with Customers

IAS 1 (amended) Presentation of Financial Statements

IAS 16 (amended) Property, Plant and Equipment

IAS 19 (amended) Employee Benefits

IAS 28 (amended) Investments in Associates and Joint Ventures

IAS 34 (amended) Interim Financial Reporting

The Directors have not yet assessed the impact that the adoption of the above standards will have on the Company's accounts in future periods.

2. (Losses)/gains on investments held at fair value through profit or loss

	2015 £'000	2014 £'000
Gains on sales of investments based on historic cost	**13,900**	3,061
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year	**(7,554)**	(4,882)
Gains/(losses) on sales of investments based on the carrying value at the previous balance sheet date	**6,346**	(1,821)
Net movement in investment holding gains and losses	**(53,065)**	30,208
(Losses)/gains on investments held at fair value through profit or loss	**(46,719)**	28,387

3. Income

	2015 £'000	2014 £'000
Income from investments:		
Overseas dividends	**22,991**	21,074
Interest on government bond	**11**	–
	23,002	21,074
Other income:		
Deposit interest	**9**	24
Total income	**23,011**	21,098
Capital:		
Special dividend allocated to capital	**–**	878

4. Management and performance fees

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Management fee	**971**	**2,265**	**3,236**	887	2,070	2,957
Performance fee	**–**	**–**	**–**	–	1,786	1,786
	971	**2,265**	**3,236**	887	3,856	4,743

The basis for calculating the investment management fee and performance fee is set out in the Report of the Directors on page 25.

5. Other administrative expenses

	2015			2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Administration expenses	**412**	**5**	**417**	351	3	354
Directors' fees	**108**	**–**	**108**	108	–	108
Secretarial fee	**75**	**–**	**75**	75	–	75
Auditor's remuneration for audit services[1]	**25**	**–**	**25**	32	–	32
	620	**5**	**625**	566	3	569

[1] No amounts are payable to the auditor for non-audit services (2014: nil).

6. Finance costs

	2015			2014		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Interest on bank loans and overdrafts	**311**	**726**	**1,037**	272	634	906
Expenses of "C" share issue	**–**	**–**	**–**	–	(5)	(5)
	311	**726**	**1,037**	272	629	901

7. Taxation

	2015 £'000	2014 £'000
Irrecoverable overseas tax deducted from dividends receivable	**1,449**	1,571

The Company has been granted an exemption from Guernsey taxation, under the Income Tax (Exempt Bodies) Guernsey Ordinance 1989 for which it is charged an annual exemption fee of £1,200 (2014: £600).

8. Dividends

Dividends paid and declared

	2015 £'000	**2014 £'000**
2014 fourth interim dividend of 3.15p (2013: 3.00p)	**7,018**	6,560
First interim dividend of 1.50p (2014: 1.50p)	**3,344**	3,283
Second interim dividend of 1.50p (2014: 1.50p)	**3,353**	3,283
Third interim dividend of 1.60p (2014: 1.50p)	**3,725**	3,310
Total dividends paid in the year	**17,440**	16,436

	2015 £'000	**2014 £'000**
Fourth interim dividend declared of 3.40p (2014: 3.15p)	**7,924**	6,977

The fourth interim dividend declared in respect of the year ended 31 August 2014 differs from the amount actually paid due to shares issued after the balance sheet date but prior to the share register record date.

9. (Loss)/earnings per share

	2015 £'000	**2014 £'000**
Net revenue profit	**19,660**	17,802
Net capital (loss)/profit	**(43,747)**	24,987
Net total (loss)/profit	**(24,087)**	42,789
Weighted average number of Ordinary shares in issue during the year	**225,115,369**	219,238,697
Revenue earnings per share	**8.73p**	8.12p
Capital (loss)/earnings per share	**(19.43)p**	11.40p
Total (loss)/earnings per share	**(10.70)p**	19.52p

10. Investments at fair value through profit or loss

	2015 £'000	2014 £'000
Opening book cost	**380,147**	359,564
Opening investment holding gains	**71,458**	46,132
Opening valuation	**451,605**	405,696
Purchases at cost	**154,137**	127,296
Sales proceeds	**(127,935)**	(109,774)
Gains/(losses) on sales of investments based on the carrying value at the previous balance sheet date	**6,346**	(1,821)
Net movement in investment holding gains and losses	**(53,065)**	30,208
Closing valuation	**431,088**	451,605
Closing book cost	**420,249**	380,147
Closing investment holding gains	**10,839**	71,458
Total investments at fair value through profit or loss	**431,088**	451,605

The following transaction costs, mainly comprising brokerage commissions, were incurred during the year:

	2015 £'000	2014 £'000
On acquisitions	**275**	212
On disposals	**251**	278
	526	490

11. Receivables

	2015 £'000	2014 £'000
Dividends and interest receivable	**3,077**	2,422
Securities sold awaiting settlement	**–**	49
Other debtors	**13**	19
	3,090	2,490

The Directors consider that the carrying amount of receivables approximates to their fair value.

12. Payables

	2015 £'000	2014 £'000
Bank loan	**40,920**	42,633
Securities purchased awaiting settlement	**487**	–
Other creditors and accruals	**940**	3,581
	42,347	46,214

The bank loan comprises US$62.9 million (2014: Australian $75.7 million) drawn down on the Company's £50 million multi-currency credit facility with Scotiabank. The facility is secured and drawings are subject to covenants and restrictions which are customary for a facility of this nature and all of these have been complied with. Further details of the facility are given in note 20 on page 52.

The Directors consider that the carrying amount of payables approximates to their fair value.

Notes to the Accounts

13. Share capital

	2015 £'000	2014 £'000
Ordinary shares of 1p each, allotted, called-up and fully paid:		
Opening balance of 221,491,574 (2014: 218,191,574) ordinary shares	**119,433**	113,256
Reissue of 11,580,000 (2014: 3,300,000) ordinary shares from Treasury	**23,161**	6,177
Closing balance of 233,071,574 (2014: 221,491,574) ordinary shares	**142,594**	119,433
3,870,000 (2014: 15,450,000) ordinary shares held in Treasury	**6,286**	29,447
Closing balance[1]	**148,880**	148,880

[1]Represented by 236,941,574 (2013: 236,941,574) shares, including 3,870,000 (2014: 15,450,000) shares held in Treasury.

During the year a total of 11,580,000 shares, nominal value £115,800, were reissued to the market from Treasury to satisfy demand, at an average price of 200.0p per share, for a total consideration received of £23,161,000.

14. Reserves

					Capital reserves		
	Share capital £'000	Treasury share reserve £'000	Capital redemption reserve £'000	Special reserve £'000	Gains and losses on sales of investments £'000	Investment holding gains and losses £'000	Revenue reserve £'000
Opening balance	148,880	(29,447)	39	150,374	64,315	74,536	19,759
Gains on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	6,346	–	–
Movement in investment holding gains and losses	–	–	–	–	–	(53,065)	–
Transfer on disposal of investments	–	–	–	–	7,554	(7,554)	–
Realised exchange gains on cash and short term deposits	–	–	–	–	161	–	–
Exchange gains/(losses) on foreign currency credit facility	–	–	–	–	9,618	(3,811)	–
Reissue of 11,580,000 shares from Treasury	–	23,161	–	–	–	–	–
Management fee, finance costs and other expenses charged to capital	–	–	–	–	(2,996)	–	–
Dividends paid in the year	–	–	–	–	–	–	(17,440)
Net revenue profit for the year	–	–	–	–	–	–	19,660
Closing balance	**148,880**	**(6,286)**	**39**	**150,374**	**84,998**	**10,106**	**21,979**

15. Net asset value per share

	2015	2014
Net assets attributable to shareholders (£'000)	**410,090**	428,456
Shares in issue at the year end	**233,071,574**	221,491,574
Net asset value per share	**175.95p**	193.44p

16. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments at the balance sheet date (2014: none).

17. Transactions with the Manager

The Company has appointed Schroder Unit Trusts Limited (the "Manager"), a wholly owned subsidiary of Schroders plc, to provide investment management, risk management accounting, secretarial and administration services. Details of the management and performance fees are given in the Report of the Directors on page 25. The management fee payable in respect of the year amounted to £3,236,000 (2014: £2,957,000) and the company secretarial fee payable to the Manager amounted to £75,000 (2014: £75,000). No performance fee is payable in respect of the year (2014: £1,786,000).

If the Company invests in funds managed or advised by the Manager or any of its associated companies, any fee earned by the Manager from those funds is deducted from the management fee payable by the Company. There have been no such investments during the current or comparative year.

Details of Mr Sherwell's connections with the Manager are given on page 23.

18. Related party transactions

The Company has no related parties other than its Directors. Details of the remuneration payable to Directors are given in the Remuneration Report on page 34. Fees payable to Directors amounting to £27,000 (2014: £27,000) were outstanding at the year end.

Details of Directors' shareholdings in the Company are given in the Report of the Directors on page 24.

19. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of IFRS 13 that are held at fair value comprise its investment portfolio. The investments are categorised into a hierarchy consisting of the following three levels:

Level 1 – valued using quoted prices in active markets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted market prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset.

Details of the valuation techniques used by the Company are given in note 1(c) on page 43.

At 31 August 2015, the Company's investment portfolio comprised entirely Level 1 investments (2014: same).

There have been no transfers between Levels 1, 2 or 3 during the year (2014: nil).

20. Financial instruments' exposure to risk and risk management policies

The Company's investment objective is to provide a total return for investors primarily through investments in equities and equity-related investments, of companies which are based in, or which derive a significant proportion of their revenues from, the Asia Pacific region and which offer attractive yields. In pursuing this objective, the Company is exposed to a variety of risks that could result in a reduction in the Company's net assets. These risks include market risk (comprising currency risk, interest rate risk and market price risk), liquidity risk and credit risk. The Directors' policy for managing these risks is out below. The Board coordinates the Company's risk management policy.

The objectives, policies and processes for managing the risks and the methods used to measure the risks that are set out below, have not changed from those applying in the comparative year.

The Company's classes of financial instruments are as follows:

- investments in shares of companies in the Asia Pacific region which are held in accordance with the Company's investment objective;
- an Indonesian government bond;
- short term debtors, creditors and cash arising directly from its operations; and
- a multicurrency credit facility with Scotiabank, the purpose of which is to assist in financing the Company's operations.

Notes to the Accounts

(a) 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 – currency risk, interest rate risk and market price risk. Information to enable an evaluation of the nature and extent of these three elements of market risk is given in parts (i) to (iii) of this note, together with sensitivity analysis where appropriate. The Board reviews and agrees policies for managing these risks and these policies have remained unchanged from those applying in the comparative year. The Manager assesses the exposure to market risk when making each investment decision and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

(i) Currency risk
Certain of the Company's assets, liabilities and income are denominated in currencies other than sterling, which is the Company's functional currency and the presentational currency of the accounts. As a result, movements in exchange rates will affect the sterling value of those items.

Management of currency risk
The Manager monitors the Company's exposure to foreign currencies and reports to the Board, which meets on at least four occasions each year. The Manager measures the risk to the Company of the foreign currency exposure by considering the effect on the Company's net asset value and income of a movement in the rates of exchange to which the Company's assets, liabilities, income and expenses are exposed. The Company may use foreign currency borrowings or forward foreign currency contracts to limit the exposure to anticipated changes in exchange rates which might otherwise adversely affect the value of the portfolio of investments. Income denominated in foreign currencies is converted into sterling on receipt. Further details on the management of currency risk are given in the Strategic Report on page 19.

Foreign currency exposure
The fair value of the Company's monetary items that have foreign currency exposure at 31 August are shown below. The Company's investments (which are not monetary items) have been included separately in the analysis so as to show the overall level of exposure.

	2015								
	Hong Kong dollars £'000	Australian dollars £'000	Singapore dollars £'000	Taiwan dollars £'000	Thai baht £'000	New Zealand dollars £'000	US dollars £'000	Other £'000	Total £'000
Current assets	3,862	567	141	328	470	–	11,408	234	17,010
Current liabilities	–	–	(685)	–	–	–	(40,952)	–	(41,637)
Foreign currency exposure on net monetary items	3,862	567	(544)	328	470	–	(29,544)	234	(24,627)
Investments at fair value through profit or loss that are equities	151,641	87,489	44,322	48,179	32,907	8,138	15,477	35,724	423,877
Total net foreign currency exposure	155,503	88,056	43,778	48,507	33,377	8,138	(14,067)	35,958	399,250

	2014								
	Hong Kong dollars £'000	Australian dollars £'000	Singapore dollars £'000	Taiwan dollars £'000	Thai baht £'000	New Zealand dollars £'000	US dollars £'000	Other £'000	Total £'000
Current assets	4,588	1,073	2,534	380	336	–	9,041	99	18,051
Current liabilities	–	(42,736)	–	–	–	–	–	–	(42,736)
Foreign currency exposure on net monetary items	**4,588**	**(41,663)**	**2,534**	**380**	**336**	**–**	**9,041**	**99**	**(24,685)**
Investments at fair value through profit or loss that are equities	147,880	113,576	51,420	44,258	33,205	10,773	12,375	38,118	451,605
Total net foreign currency exposure	**152,468**	**71,913**	**53,954**	**44,638**	**33,541**	**10,773**	**21,416**	**38,217**	**426,920**

The above year end amounts are broadly representative of the exposure to foreign currency risk during the current and comparative year.

Foreign currency sensitivity
The following tables illustrate the sensitivity of net profit for the year and net assets with regard to the Company's monetary financial assets and financial liabilities and exchange rates. The sensitivity analysis is based on the Company's monetary currency financial instruments held at each balance sheet date and assumes a 10% (2014: 10%) appreciation or depreciation in sterling against the currencies to which the Company is exposed, which is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

If sterling had weakened by 10% this would have had the following effect:

	2015 £'000	2014 £'000
Statement of Comprehensive Income – net profit		
Net revenue profit	2,125	1,926
Net capital profit	(2,535)	(2,532)
Net total profit	**(410)**	(606)
Net assets	**(410)**	(606)

Conversely if sterling had strengthened by 10% this would have had the following effect:

	2015 £'000	2014 £'000
Statement of Comprehensive Income – net profit		
Net revenue profit	(2,125)	(1,926)
Net capital profit	2,535	2,532
Net total profit	**410**	606
Net assets	**410**	606

In the opinion of the Directors, the above sensitivity analysis with respect to monetary financial assets and liabilities is broadly representative of the whole of the current and comparative year. The sensitivity of the Company's investments to changes in foreign currency exchange rates is subsumed into market price risk sensitivity on page 53.

(ii) Interest rate risk
Interest rate movements may affect the level of income receivable on cash deposits and the interest payable on variable rate borrowings when interest rates are re-set. The fair value of the government bond held in the Company's portfolio may be affected by interest rate movements or the expectation of such movements in the future. However, it is not possible to assess the impact of interest rate movements on the value of this investment accurately and therefore the exposure has been included in other price risk in part (iii) to this note.

Management of interest rate risk
Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Company's gearing policy is to limit gearing to 25% where gearing is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

The possible effects on cash flows that could arise as a result of changes in interest rates are taken into account when the Company draws on the credit facility. However, amounts drawn down on this facility are for short term periods and therefore exposure to interest rate risk is not significant.

Interest rate exposure
The exposure of financial assets and financial liabilities to floating interest rates, giving cash flow interest rate risk when rates are re-set, is shown below:

	2015 £'000	2014 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	18,259	20,575
Other payables: drawings on the credit facility	(40,920)	(42,633)
Total exposure	**(22,661)**	(22,058)

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2014: same).

During the year, the Company extended its 364 day multicurrency revolving credit facility with Scotiabank, which will expire on 27 April 2016. Amounts are normally drawn down on this facility for short periods. Interest is payable at a rate of LIBOR as quoted in the market for the relevant currency and loan period plus a margin, plus Mandatory Costs, which are the lender's costs of complying with certain regulatory requirements of the Bank of England. At the year end, the Company had drawn down US$62.9 million (£40.9 million) on this facility at an interest rate of 0.84% per annum (2014: Australian $75.7 million (£42.6 million)) at an interest rate of 3.4% per annum).

The above year end amounts are not representative of the exposure to interest rates during the year as the level of cash balances and drawings on the credit facility has fluctuated. The maximum and minimum net interest rate exposure during the year has been as follows:

	2015 £'000	2014 £'000
Maximum debit interest rate exposure during the year – net loan balances	(29,873)	(27,509)
Minimum debit interest rate exposure during the year – net loan balances	(20,452)	(7,359)

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2014: 0.5%) increase or decrease in interest rates in regards to the Company's monetary financial assets and financial liabilities. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's monetary financial instruments held at the balance sheet date with all other variables held constant.

	2015		2014	
	0.5% increase in rate £'000	0.5% decrease in rate £'000	0.5% increase in rate £'000	0.5% decrease in rate £'000
Statement of Comprehensive Income – net profit				
Net revenue profit	30	(30)	39	(39)
Net capital profit	(143)	143	(149)	149
Net total profit	(113)	113	(110)	110
Net assets	(113)	113	(110)	110

In the opinion of the Directors, this sensitivity analysis may not be representative of the Company's future exposure to interest rate changes due to fluctuations in the level of cash balances and drawings on the credit facility.

(iii) Market price risk

Market price risk includes changes in market prices, other than those arising from interest rate risk, which may affect the value of equity investments.

Management of market price risk

The Board meets on at least four occasions each year to consider the asset allocation of the portfolio and the risk associated with particular industry sectors. The investment management team has responsibility for monitoring the portfolio, which is selected in accordance with the Company's investment objective and seeks to ensure that individual stocks meet an acceptable risk/reward profile.

Market price risk exposure

The Company's total exposure to changes in market prices at 31 August comprised the following:

	2015 £'000	2014 £'000
Investments at fair value through profit or loss	431,088	451,605

The above data is broadly representative of the exposure to market price risk during the year.

Concentration of exposure to market price risk

An analysis of the Company's investments is given on pages 9 to 11. This shows that the portfolio comprises investments quoted on Asian stockmarkets. Accordingly there is a concentration of exposure to that region. However it should be noted that an investment may not be entirely exposed to the economic conditions in its country of domicile or of listing.

Market price risk sensitivity
The following table illustrates the sensitivity of the net profit for the year and net assets to an increase or decrease of 10% (2014: 10%) in the fair value of the Company's investments. This level of change is considered to be a reasonable illustration based on observation of current market conditions. The sensitivity analysis is based on the Company's investments, adjusting for changes in the management fee, but with all other variables held constant.

	2015		2014	
	10% increase in fair value £'000	**10% decrease in fair value £'000**	10% increase in fair value £'000	10% decrease in fair value £'000
Statement of comprehensive Income – net profit				
Net revenue profit	**(97)**	**97**	(102)	102
Net capital profit	**42,882**	**(42,882)**	44,923	(44,923)
Net total profit for the year and net assets	**42,785**	**(42,785)**	44,821	(44,821)

(b) Liquidity risk
This is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management of the risk
Liquidity risk is not significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding requirements if necessary. Short term flexibility is achieved through the use of a credit facility.

The Board's policy is for the Company to remain fully invested in normal market conditions and that the credit facility be used to manage working capital requirements and to gear the Company as appropriate.

Liquidity risk exposure
Contractual maturities of financial liabilities, based on the earliest date on which payment can be required are as follows:

	Three months or less 2015 £'000	Three months or less 2014 £'000
Other payables		
Bank loan – including interest	**40,952**	42,756
Other creditors and accruals	**1,401**	3,478
	42,353	46,234

(c) Credit risk
Credit risk is the risk that the failure of the counterparty to a transaction to discharge its obligations under that transaction could result in loss to the Company.

Management of credit risk
This risk is managed as follows:

Portfolio dealing
The Company invests in markets that operate a "Delivery Versus Payment" settlement process which mitigates the risk of losing the principal of a trade during settlement. The Manager continuously monitors dealing activity to ensure best execution, which involves measuring various indicators including the quality of trade settlement and incidence of failed trades. Counterparties must be pre-approved by the Manager's credit committee.

The Company may sometimes invest in equity linked securities, such as participatory notes which provide synthetic equity exposure where the Company may otherwise find it problematic to invest in the underlying asset directly. They have the same economic risks as a direct investment, except that there is a counterparty risk to the issuing investment bank. Counterparties must be approved by the Manager's Credit Risk Team based on a list of criteria and are monitored on an ongoing basis by the Portfolio Compliance Team.

Exposure to the Custodian
The Custodian of the Company's assets is HSBC Bank plc which has Long Term Credit Ratings of AA- with Fitch and Aa2 with Moody's. The Company's investments are held in accounts which are segregated from the Custodian's own trading assets. If the Custodian were to become insolvent, the Company's right of ownership of its investments is clear and they are therefore protected. However the Company's cash balances are all deposited with the Custodian as banker and held on the Custodian's balance sheet. Accordingly, in accordance with usual banking practice, the Company will rank as a general creditor to the Custodian in respect of cash balances.

Credit risk exposure
The following amounts shown in the balance sheet, represent the maximum exposure to credit risk at the current and comparative year end.

	2015		2014	
	Balance sheet £'000	Maximum exposure £'000	Balance sheet £'000	Maximum exposure £'000
Current assets				
Receivables – dividends and interest receivable, securities sold awaiting settlement and other debtors	3,077	3,077	2,471	2,471
Cash and cash equivalents	18,259	18,259	20,575	20,575
	21,336	21,336	23,046	23,046

No items included in "Receivables" are past their due date and none have been provided for.

(d) Fair values of financial assets and financial liabilities
All financial assets and liabilities are either carried in the balance sheet at fair value or the balance sheet amount is a reasonable approximation of fair value.

21. Capital management policies and procedures

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

The Company's debt and capital structure comprises the following:

	2015 £'000	2014 £'000
Debt		
Bank loan	42,920	42,633
Equity		
Share capital	148,880	148,880
Reserves	261,210	279,576
	410,090	428,456
Total debt and equity	453,010	471,089

The Company's capital management objectives are to ensure that it will continue as a going concern and to maximise the capital return to its equity shareholders through an appropriate level of gearing.

The Board's policy is to limit gearing to 25%. Gearing for this purpose is defined as borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

	2015 £'000	2014 £'000
Borrowings used for investment purposes, less cash	22,661	22,058
Net assets	410,090	428,456
Gearing	5.5%	5.1%

The Board, with the assistance of the 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 into account the Manager's views on the market;
– the need to buy back the Company's own shares for cancellation or to hold in Treasury, which takes into account the share price discount;
– the opportunities for issues of new shares or to reissue shares from Treasury; and
– the amount of dividend to be paid in excess of that which is required to be distributed.

Annual General Meeting – Explanation of Special Business

The Annual General Meeting ("AGM") of the Company will be held on Tuesday, 8 December 2015 at 12.00 noon. The formal Notice of Meeting is set out on page 56.

The following information is important and requires your immediate attention. If you are in any doubt about the action you should take, you should consult an independent financial adviser, authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all of your ordinary shares in the Company, please forward this document with its accompanying form of proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

Special business to be proposed at the AGM

Resolution 8 – increase in aggregate limit of fees payable to Directors (ordinary resolution)

The Company's Articles of Incorporation currently limit the fees payable to Directors to £150,000 in aggregate per annum. The Directors believe that the Board should have additional flexibility in setting the level of Directors' remuneration, taking into account their increasing responsibilities. Accordingly, an ordinary resolution will be proposed at the forthcoming AGM to increase the aggregate limit of fees payable to Directors to £200,000 per annum.

There is no current intention of further increasing fees following the increase outlined in the Remuneration Report on page 34, although fees continue to be reviewed each year. The Board believes that the proposed increase in the aggregate limit of Directors' fees, which has remained unchanged since launch, will be sufficient to meet its requirements for the next few years and allow for any potential increase in the number of Directors as the Company grows in size. The Remuneration Report will continue to be submitted for approval by shareholders at each AGM.

Resolution 9 – authority to make market purchases of the Company's own shares (special resolution)

At the AGM on 4 December 2014, the Company was granted authority to make market purchases of up to 33,329,001 ordinary shares for cancellation or holding in Treasury. No ordinary shares were bought back under this authority and the Company therefore has remaining authority to purchase up to 33,329,001 ordinary shares. This authority will expire at the forthcoming AGM.

The Directors believe it is in the best interests of the Company and its shareholders to have a general authority for the Company to buy-back its ordinary shares in the market as they keep under review the share price discount to net asset value and the purchase of ordinary shares. A special resolution will be proposed at the forthcoming AGM to give the Company authority to make market purchases of up to 14.99% of the ordinary shares in issue at 10 November 2015 (excluding Treasury shares). The Directors will exercise this authority only if the Directors consider that any purchase would be for the benefit of the Company and its Shareholders, taking into account relevant factors and circumstances at the time. Any shares so purchased would be cancelled or held in Treasury for potential reissue.

The maximum purchase price that may be paid for an ordinary share will not be more than 105% of the average of the middle market values of the shares, as taken from the London Stock Exchange Daily Official List, for the five business days preceding the date of purchase and the higher of the price of the last independent trade in the shares and the highest then current independent bid for the shares on the London Stock Exchange. The minimum price will be 1p, being the nominal value per ordinary share.

Resolution 10 – disapplication of pre-emption rights (extraordinary resolution)

As last year the Board is proposing an annual authority be given to Directors to disapply pre-emption rights when issuing shares.

The approval of this authority will allow the Company to continue to issue shares on the current basis and provide sufficient liquidity to meet demand for shares in the market. The Directors intend to issue new ordinary shares pursuant to these authorities if investor demand for them is strong. However, the Directors will issue ordinary shares only when they believe it to be advantageous to the Company's existing shareholders to do so. The issue of new ordinary shares will only be made at a premium to net asset value.

If renewed, both the above authorities will expire at the conclusion of the AGM in 2016 unless renewed or revoked earlier.

Recommendation

The Board considers that the resolutions relating to the above items of special business are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the above resolutions and the other resolutions to be proposed at the forthcoming AGM, as they intend to do in respect of their own beneficial holdings.

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of Schroder Oriental Income Fund Limited will be held at 12.00 noon on Tuesday, 8 December 2015 at 2nd Floor, East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL to consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 8 will be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions:

1. To receive the Report of the Directors and the audited accounts for the year ended 31 August 2015.
2. To approve the Directors' Annual Report on Remuneration for the year ended 31 August 2015.
3. To re-elect Mr Robert Sinclair as a Director of the Company.
4. To re-elect Mr Peter Rigg as a Director of the Company.
5. To re-elect Mr Christopher Sherwell as a Director of the Company.
6. To re-appoint Ernst & Young LLP as Auditor of the Company.
7. To authorise the Board to determine the remuneration of Ernst & Young LLP as Auditor of the Company.
8. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

   "That the aggregate limit of all fees payable to Directors, as set out in Article 15.2 of the Company's Articles of Incorporation, be increased to £200,000 per annum".
9. To consider and, if thought fit, to pass the following resolution as a special resolution:

   "That the Company be and is hereby generally and unconditionally authorised in accordance with Section 315 of the Companies (Guernsey) Law 2008 (as amended), to make market purchases of ordinary shares of 1p each in the capital of the Company ("Shares"), provided that:

   (a) the maximum number of shares hereby authorised to be purchased shall be 35,207,248, representing 14.99% of the issued share capital as at 10 November 2015;

   (b) the minimum price which may be paid for a share is 1p;

   (c) the maximum price which may be paid for a share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a Share of the class being purchased taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that share is purchased and (ii) the higher of the price of the last independent trade in the Shares of that class and the highest then current independent bid for the Shares of that class on the London Stock Exchange;

   (d) purchases may only be made pursuant to this authority if the Shares are (at the date of the proposed purchase) trading on the London Stock Exchange at a discount to the net asset value;

   (e) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company unless such authority is renewed or revoked prior to such time; and

   (f) the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract."
10. To consider and, if thought fit pass the following as an extraordinary resolution:

    "That the Board be and hereby is authorised in accordance with Section 291 of the Companies (Guernsey) Law, 2008 (as amended) to allot ordinary shares for cash and/or sell Treasury shares up to 23,487,157 ordinary shares of 1p each in aggregate, representing 10% of the share capital in issue on 10 November 2015 for cash and the right of shareholders to receive a pre-emptive offer in respect of such ordinary shares shall be excluded pursuant to Article 3.24 of the Company's Articles of Incorporation, provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) from the conclusion of the Annual General Meeting of the Company to be held in 2016 save that the Board may allot ordinary shares for cash or sell Treasury shares after the expiry of this authority in pursuance of an offer or agreement made by the Company before such expiry that would or might require ordinary shares to be allotted or Treasury shares to be sold after such expiry.

By Order of the Board
Schroder Investment Management Limited
Company Secretary
Registered Number: 43298

Registered Office:
Arnold House
St Julian's Avenue
St Peter Port
Guernsey GY1 3NF

10 November 2015

Explanatory notes

1 An ordinary shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and (insofar as permitted by the Company's Articles of Incorporation) to vote instead of him.

  A proxy need not be a member. A form of proxy is enclosed for ordinary shareholders which should be completed and returned to the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not later than 48 hours before the time fixed for the meeting. Completion of the proxy will not preclude an ordinary shareholder from attending and voting in person.

2 The biographies of each of the Directors offering themselves for re-election are set out on page 22 of the Annual Report and Accounts for the year ended 31 August 2015.

3 As at 10 November 2015, the Company had 234,871,574 ordinary shares of 1p each in issue and an additional 2,070,000 shares held in Treasury. Accordingly, the total number of voting rights in the Company on 10 November 2015 is 234,871,574.

Company Summary and Shareholder Information

The Company

Schroder Oriental Income Fund Limited is an independent, Guernsey-resident company, whose shares are listed on the London Stock Exchange. As at 10 November 2015, the Company has 234,871,574 ordinary shares of 1p each in issue with an additional 2,070,000 ordinary shares held in Treasury. The Company's assets are managed and administered by Schroders.

Website and share price information

The Company has a dedicated webpage, which may be found at www.schroderorientalincomefund.com. The webpage has been designed to be utilised as the Company's primary method of electronic communication with shareholders. It contains details of the Company's share price and copies of Report and Accounts and other documents published by the Company as well as information on the Directors, Committee Terms of Reference and other governance arrangements. In addition, the webpage contains links to announcements made by the Company to the market and Schroders' full website. There is also a link entitled "How to Invest".

The Company releases its net asset value on both a cum and ex income basis to the market on a daily basis.

Share price information may also be found in the Financial Times and on Schroders' webpage at www.schroders.co.uk/its.

Association of Investment Companies

The Company is a member of the Association of Investment Companies. Further information on this association can be found on its website, www.theaic.co.uk.

Non-Mainstream Pooled Investments (NMPI) status

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future. The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because the returns to investors are predominantly based on exposure to listed equities and equity-based instruments.

Registrar services

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Computershare Investor Services (Guernsey) Limited, 3rd Floor, Natwest House, Le Truchot, St Peter Port, Guernsey GY1 1WD.

Financial Conduct Authority ("FCA") Rules implementing the EU Alternative Investment Fund Managers ("AIFM") Directive

Certain pre-sale, regular and periodic disclosures required by the AIFM Directive may be found on the web at www.schroders.co.uk/its.

AIFM Directive disclosures

Periodic and regular disclosure under the Directive

(a) none of the Company's assets are subject to special arrangements arising from their illiquid nature;
(b) there are no new arrangements for managing the liquidity of the Company including, but not limited to, any material changes to the liquidity management systems and procedures employed by the Manager in place. Shareholders will be notified immediately where the issue, cancellation, sale and redemption of shares is suspended, when redemptions are suspended or where other similar special arrangements are activated;
(c) the current risk profile of the Company and the risk management systems employed by the Manager to manage those risks can be found in the Strategic Report; and
(d) the total amount of leverage employed by the Company may be found in the Strategic Report.

Any changes to the following information will be provided through a regulatory news service without undue delay:
(a) the maximum level of leverage which the Manager may employ on behalf of the Company; and
(b) the right of re-use of collateral or any changes to any guarantee granted under any leveraging arrangement.

AIFM remuneration disclosures

The information required under the AIFM Directive to be made available to investors in the Company on request in respect of remuneration paid by the AIFM to its staff, and, where relevant, carried interest paid by the Company, can be found on the website www.schroders.co.uk/its.

www.schroderorientalincomefund.com

www.schroders.co.uk/its

Dealing codes

ISIN:	GB00B0CRWN59
SEDOL:	B0CRWN5
Ticker:	SOI

Global Intermediary Identification Number (GIIN)

1TVP6A.99999.SL.831

Schroders