Schroder
Oriental Income Fund Limited

Report and Accounts for the year ended 31 August 2014

Schroders

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.

Directors

Robert Sinclair*† (Aged 65)
(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*† (Aged 56)
was appointed as a non-executive Director of the Company on 21 April 2008. Mr Dunlop is a Director of Princess Private Equity Holding Limited and of several Channel Island based investment funds. He has over 25 years' experience in investment companies in London, Frankfurt, Munich and the Channel Islands. Mr Dunlop joined Mercury Asset Management in 1987 in London, and managed their joint venture with Munich Reinsurance, and its Jersey subsidiary. This led to the opening of a MAM (now BlackRock) Frankfurt office 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 a fund advisory business in Munich. Mr Dunlop is a resident of Guernsey.

Peter Rigg*† (Aged 66)
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 a private equity fund managed by General Enterprise Management Services Limited ("GEMS") investing principally in Asian companies. 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† (Aged 66)
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 remains a non-executive Director of Burnaby Insurance (Guernsey) Limited, a wholly-owned subsidiary of Schroders plc. 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.

*Member of the Audit and Management Engagement Committees.
†Member of the Nomination Committee.

Mr Rigg is chairman of the Audit and Management Engagement Committees.

Mr Sinclair is chairman of the Nomination Committee.

Alternative Investment Fund Managers ("AIFM") Directive

Certain pre-sale, regular and periodic disclosures required by the Directive may be found either in this Annual Report or on the web at www.schroders.co.uk/its.

Advisers

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Financial Highlights

	2014	2013	
Total returns (including dividends reinvested) for the year ended 31 August			
Net asset value per share ("NAV") total return (based on ex-income NAV)[1]	**10.9%**	15.6%	
Share price total return[1]	**15.2%**	13.0%	
Shareholders' funds, NAV per share, share price and share price premium/(discount) at 31 August			% Change
Shareholders' funds (£'000)	**428,456**	395,926	+8.2
Ordinary shares in issue	**221,491,574**	218,191,574	+1.5
NAV per Ordinary share	**193.44p**	181.46p	+6.6
Share price	**195.50p**	177.00p	+10.5
Share price premium/(discount) to NAV excluding undistributed current year revenue	**3.0%**	(0.4)%	
Revenue for the year ended 31 August			
Net revenue after taxation (£'000)	**17,802**	16,571	+7.4
Earnings per share	**8.12p**	8.74p	-7.1
Dividends per share	**7.65p**	7.45p	+2.7
Gearing[2]	**5.1%**	2.1%	
Ongoing Charges[3]	**0.88%**	0.93%	

[1]Source: Morningstar. The cum-income NAV total return for the year under review was 11.1%.
[2]Gearing represents borrowings used for investment purposes, less cash, expressed as a percentage of net assets.
[3]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.

Financial Record Since Launch

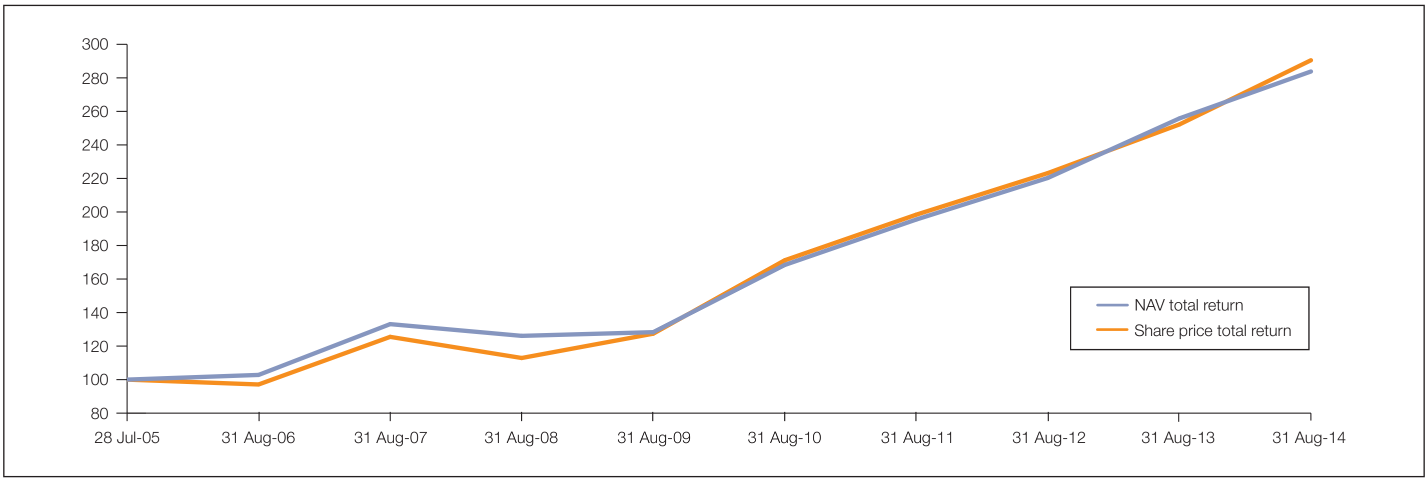
At 31 August	At launch on 28 July 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Shareholders' funds (£'000)	148,155	159,631	197,265	179,011	167,604	219,199	254,070	290,324	395,926	428,456
NAV per share (pence)	98.77	101.64	125.61	115.31	109.31	136.63	152.80	165.18	181.46	193.44
Share price (pence)	100.00	95.00	117.75	101.50	106.00	136.25	152.00	164.00	177.00	195.50
Share price premium/(discount) to NAV per share (%)	1.2	2.8	3.4	(8.2)	0.5	2.4	2.5	2.1	(0.4)	3.0
Gearing (%)[1]	N/A	13.4	12.2	9.6	3.9	7.7	2.4	2.7	2.1	5.1

Revenue for the year ended 31 August	2006[2]	2007	2008	2009	2010	2011	2012	2013	2014
Net revenue after taxation (£'000)	10,129	9,171	11,170	9,648	9,776	11,926	12,734	16,571	17,802
Earnings per share (pence)	6.50	5.84	7.14	6.27	6.25	7.22	7.44	8.74	8.12
Dividends per share	4.88	4.95	5.43	5.50	5.80	6.35	6.80	7.45	7.65
Ongoing Charges (%)[3]	1.00	0.96	0.95	0.98	0.98	0.92	0.93	0.93	0.88

Performance[4]	At launch on 28 July 2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
NAV total return (based on ex-income NAV)	100.0	102.8	133.1	126.1	128.3	168.4	195.5	220.3	255.8	283.8
Share price total return	100.0	97.1	125.5	112.9	127.4	171.2	198.4	223.2	252.2	290.5

[1] Borrowings used for investment purposes, less cash, expressed as a percentage of net assets.
[2] Represents the period from 28 July 2005, which is the date the Company began investing, to 31 August 2006.
[3] 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.
[4] Source: Morningstar/Datastream. Rebased to 100 at 28 July 2005.

NAV and Share Price Performance Since Launch[1]



[1] Source: Morningstar/Thomson Financial Datastream. Rebased to 100 at 28 July 2005.

Chairman's Statement

Performance

I am pleased to report another strong year for the Company. Despite sterling's strength, the net asset value total return (based on ex-income net asset value) was 10.9% (2013: 15.6%) and the share price total return was 15.2% (2013: 13.0%). These compare with a total return of 11.3% (2013: also 11.3%) for the Reference Index, the MSCI All Countries Pacific ex Japan Index.

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 fell by 7.1% to 8.12 pence per share compared with 8.74 pence per share for the previous year. This decrease was again largely due to the decline in regional currencies relative to sterling during the year. Three interim dividends totalling 4.50 pence per share have been paid in respect of the year ended 31 August 2014 and the Board has now declared a fourth interim dividend of 3.15 pence per share for the year. This takes total dividends per share for the year ended 31 August 2014 to 7.65 pence, an increase of 2.7% on total dividends of 7.45 pence per share paid in respect of the previous financial year. The fourth interim dividend will be paid on 28 November 2014 to shareholders on the register on 14 November 2014.

Alternative Investment Fund Managers ("AIFM") Directive

In accordance with the AIFM Directive, the Company has, with effect from 17 July 2014, become an Alternative Investment Fund and has appointed Schroder Unit Trusts Limited ("SUTL"), a wholly owned subsidiary of Schroders plc ("Schroders") which has AIFM regulatory permissions, as its Alternative Investment Fund Manager (the "Manager") to provide portfolio management, risk management, administration, accounting and company secretarial services to the Company in accordance with an Alternative Investment Fund Manager Agreement. SUTL has delegated investment management, accounting and company secretarial services to another wholly owned subsidiary of Schroders, Schroder Investment Management Limited.

In addition, the Company has appointed HSBC Bank plc as Safekeeping and Cashflow Monitoring Agent to perform certain duties of a Depositary in accordance with a Depositary Services Agreement pursuant to Article 36 of the AIFM Directive, also with effect from 17 July 2014. An additional fee of 0.9 basis points of net assets will be payable for these services.

Further details of both the Alternative Investment Fund Manager Agreement and the Depositary Services Agreement may be found in the Report of the Directors.

Gearing Policy and AIFM Directive Leverage Limit

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 2.1% at the beginning of the year and had increased to 5.1% at 31 August 2014. The level of gearing continues to be monitored closely by the Board and managed as necessary.

The AIFM Directive has introduced a requirement for the Manager to set maximum levels of leverage, using a wider definition than borrowing and including the use of derivatives.

Full details of this leverage limit may be found on the Manager's website at www.schroders.co.uk/its and in the Strategic Report.

Issue of Shares and Discount Control Management

Demand for the Company's shares has continued to be strong during the year under review and the asset class has remained attractive for investors. 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 3,300,000 Ordinary shares were reissued from Treasury during the year. A further 850,000 shares have been reissued from Treasury since the end of the year.

Chairman's Statement

The Board is seeking to renew the existing authorities both to pre-emptively issue shares in the Company and to buy them back, 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.

Outlook

Not only is it pleasing to report another double-digit net asset value total return for the fifth year in a row, the continued interest in your Company's shares is also encouraging. As noted above, market demand has kept the shares trading above net asset value, and we have met some of this demand by issuing shares. Putting this into a longer term context, there are currently 48% more shares in issue than there were at the Company's 2005 launch which, with the portfolio's capital appreciation, makes the net assets nearly three times the size at launch. One consequence is greater liquidity for the shares, allowing larger investors to consider participating in the Company alongside existing shareholders.

It would of course be dangerous to be too triumphalist about this. The Manager's Review mentions a number of risks to the region's markets, and the decline in last year's investment income in sterling terms is a reminder of the short term volatility. Nonetheless, the Company's greater size is, among other things, a reflection of the acceptance among many UK investors of the role Asian income can play in their portfolios.

Annual General Meeting

The Annual General Meeting will be held in Guernsey at 12.00 noon on Thursday, 4 December 2014 and shareholders are invited to attend.

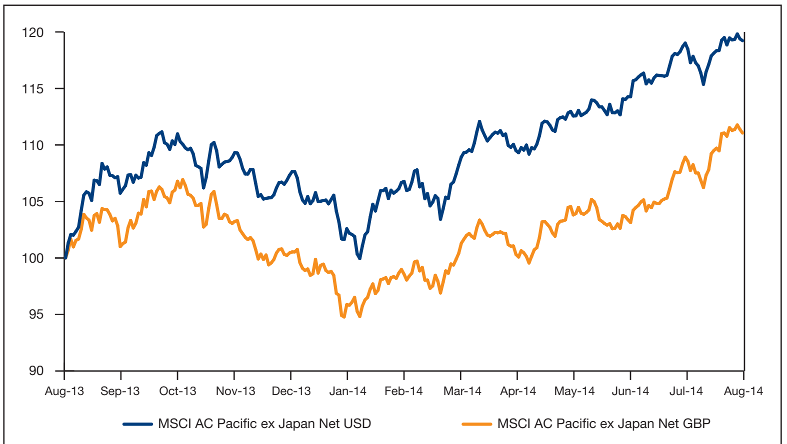
Robert Sinclair
Chairman
5 November 2014

Manager's Review

The net asset value per share of the Company recorded a total return of 10.9% (based on ex-income net asset value) over the 12 months to the end of August 2014. Dividends paid with respect to the year will total 7.65 pence per share (7.45 pence per share for the prior year).

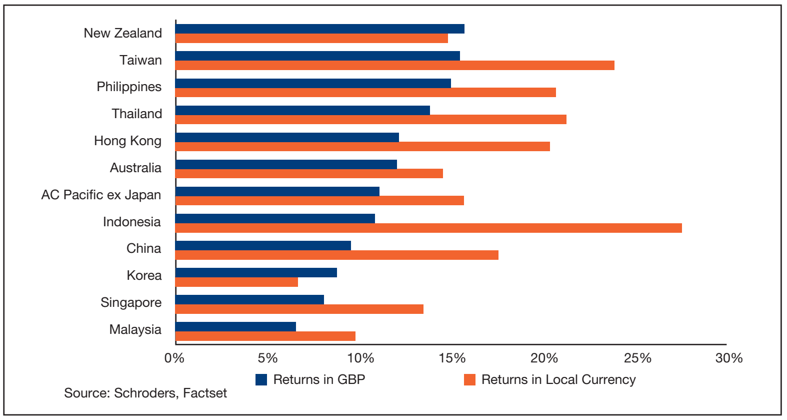
It has been a solid year for the performance of Asian stock markets, which have yielded an 11.3% total return in sterling terms. This is despite marked strength in the pound, which rose significantly against regional currencies, registering a 9% rise versus the Hong Kong dollar and 15% versus the Indonesian Rupiah. The majority of the return came in the second half of the year, aided by a recovery in sentiment on China, continued supportive liquidity conditions and reasonably benign economic data globally, led by a bounce back in the United States following the weather-induced distortions of the first quarter. New Zealand and Taiwan (where the information technology sector was particularly strong) have led the way, while ASEAN markets have generally done well (particularly Thailand and the Philippines), bouncing back from the volatility surrounding the tapering scare of last summer. This strength was supported by evidence that these economies were adapting well to tighter local liquidity with higher policy rates, a stabilisation in foreign currency reserves and an improving export performance. Key laggards were Malaysia, Singapore and Korea.

Performance of the MSCI AC Pacific ex Japan Index 31 August 2013 to 31 August 2014



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

MSCI AC Pacific ex Japan Index net returns by country 31 August 2013 to 31 August 2014



Source: Schroders, Factset

The year has been marked by some notable political events. In China, the (relatively) new leadership have endeavoured to stamp their authority in setting a new economic direction, with potentially sweeping new policies on urbanisation (reform of the *hukou* registration system), environmental protection, and SOE restructuring (including official encouragement of higher dividend pay-outs by Government-controlled companies). The drive on official corruption has claimed a number of prominent victims, and has impacted demand in areas as diverse as luxury goods, restaurants and the Macau casino operators. Sentiment, however, remains dominated by perceptions of "official" growth targets and credit conditions, with signs of loosening in the spring leading to a rally in the Chinese equity markets, further aided by announcement of the HK-Shanghai Connect that will facilitate cross-border access to the respective stock markets.

Notable political developments elsewhere included the Thai military coup in May (the tenth since the Second World War) which, following on from six months of flux, was generally well received by investors. Similarly, the election of Joko Widodo as President of Indonesia was seen as a positive development, although the election was less

Manager's Review

emphatic than expected, and since taking office in October he faces a fractured legislature. In India, the extent of the BJP's victory in the May elections was not anticipated and sparked a further sharp rally in the market led by financials and infrastructure sectors. Finally, in Korea there was much speculation surrounding government proposals to penalise fiscally companies retaining excessive levels of cash, though there were no specific incentives to pay out higher dividends (as opposed to higher capital spending and/or higher wages).

Contrasting sectoral fortunes have been stark in Australia. The generally weak tone of the Australian dollar supported export-oriented companies, although commodity stocks were the notable exception given slowing demand and falling product prices. The incipient weakness in economic activity (further exacerbated by some radical tax reforms from the new Liberal administration) has conditioned a loose monetary stance from the Reserve Bank of Australia, which supported higher-yield domestic stocks.

Portfolio Positioning and Performance

After a difficult first half, the portfolio performed well versus the reference index in the second, and ended the year broadly in line with the reference index for the year as a whole. The key contributors were stock selection in Australia (benefiting from our continued caution on the mining sector), Korea and Singapore. Headwinds were represented by stock selection shortfalls in New Zealand, Taiwan (weakness in telecom stocks) and Hong Kong. Country allocation was generally positive with underweights in China, Korea and Malaysia, and overweights in Thailand and Hong Kong adding value. In sector terms, the main positive contribution came from stock selection in material, energy, industrials and financials.

Australia, Hong Kong, Singapore and Taiwan have remained the main geographic exposures in the portfolio, with Australia and Hong Kong being the main areas where we added over the fiscal year. Thailand remains the most significant emerging ASEAN market, although we reduced exposure modestly over the year. Our biggest under-weightings relative to the reference index remain Korea and China. In sector terms we reduced exposure in consumer, real estate, materials and telecoms, while adding to industrials, information technology, and energy.

Investment Outlook

Arguably the main issue facing investors arises from credit markets rather than equity markets. The latter do not look excessively expensive in valuation terms, but credit markets look like the unnerving mirror image of where they were in 2008. Then, borrowers faced potentially ruinous rates to access credit. Now there appears little discrimination in credit as Spain's borrowing cost converges towards Germany and the US. Meanwhile, it is difficult to ignore the rise in geopolitical risks and continued signs of deflationary pressures, in particular a slower growth trajectory in China. This makes us nervous about predicting short term market direction.

More specific to Asia has been rising investor optimism over government-led economic reform which has become a major theme in China, India, Indonesia and Korea. We wish new leadership in India and Indonesia well, but progress is likely to be very slow going and current euphoria will be subject to severe testing. For Korea, we need to see more convincing evidence of better corporate governance than has been in evidence thus far.

Attention in the region has shifted to China where growth has stabilised amidst a more stimulatory environment in recent months. This has generated a more positive trend for Chinese assets over the summer. The currency has started to appreciate mildly again and property prices have stabilised. While this may appear good news, our firm view is that there is already too much credit in the economy which really needs a sustained period of tightening, not more loosening, to resolve the bad debt problems. There is significant value in China that can be unlocked by reforms and a shift in economic direction but not until some of the past excesses have been recognised.

If the hopes for reform may prove misplaced, there are some positive supports for the region. A combination of steady global economic expansion and falling commodity prices is beneficial to the regional export outlook, and industrial and information technology sectors are important components of the equity markets. National balance sheets are also, in general, sound with high savings rates, foreign exchange reserves and positive current

Manager's Review

accounts. These provide reassurance that the longer-term scope for domestic demand growth in Asia remains ample.

At a stock level we continue to believe that the longer-term case for income investing in Asia remains securely based. The equity markets offer a diverse range of countries and sectors where solid income stocks can be found, and we take comfort in the strong aggregate metrics of the Company's portfolio in terms of superior cash generation, higher than average returns on equity and lower financial gearing.

Sector and Country Weights

Portfolio by Country

Country	Portfolio Weight (%)
Australia	25.2
Hong Kong	23.5
Singapore	16.5
Taiwan	11.9
Thailand	7.3
Korea	5.6
China	4.9
New Zealand	2.4
Indonesia	1.6
Philippines	1.1
India	–
Malaysia	–

Portfolio by Sector

Sector	Portfolio Weight (%)
Real Estate	18.7
Industrials	16.2
Information Technology	13.0
Banks	11.0
Materials	9.7
Telecommunications	9.3
Consumer Discretionary	7.0
Other Financials	5.7
Energy	5.3
Consumer Staples	2.5
Utilities	1.6
Health Care	–

Source: Schroders as at 31 August 2014.

Schroder Investment Management Limited
5 November 2014

Investment Portfolio

As at 31 August 2014

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	21,023	4.9
Taiwan Semiconductor Manufacturing	Technology Hardware and Equipment	Taiwanese manufacturer of semiconductor products	20,711	4.8
HSBC	Banks	Multinational bank	17,166	4.0
China Petroleum & Chemical	Oil and Gas Producers	Petroleum and petrochemical manufacturer	16,130	3.8
Amcor	General Industrials	Multinational packaging manufacturer	13,155	3.1
Hutchison Whampoa	General Industrials	Hong Kong diversified investment company	12,856	3.0
BOC Hong Kong	Banks	Financial Services provider in hong Kong	12,026	2.8
Sydney Airport	Industrial Transportation	Airport services provider	12,026	2.8
SunCorp	Financial Services	Australian bank and general insurance provider	11,110	2.6
Hopewell	Real Estate Investment and Services	Property and toll roads operator in Hong Kong/China	10,785	2.5
Venture	Electronic and Electrical Equipment	Singapore contract manufacturing services provider	10,781	2.5
Fletcher Building	Construction and Materials	New Zealand based building materials manufacturer	10,773	2.5
PCCW	Fixed Line Telecommunications	Hong Kong telecommunications provider	9,795	2.3
Transurban	Industrial Transportation	Manager of urban toll road networks in Australia and the USA	9,794	2.3
Mirvac	Real Estate Investment Trusts	Property investor and developer in Australia	9,718	2.3
Orica	Chemicals	Multinational chemical and mining services provider	9,218	2.2
Far EasTone Telecommunications	Mobile Telecommunications	Taiwanese provider of communications services	9,154	2.1
Macquarie Korea Infrastructure Fund	Industrial Transportation	Investor in roads, tunnels and bridges in Korea	9,079	2.1
Hyundai Motor	Automobiles and Parts	Korean cars, trucks and commercial vehicles producer	9,011	2.1
National Australia Bank	Banks	Australian bank	8,547	2.0
Twenty Largest Investments			**242,858**	**56.7**
Mapletree Commercial Trust	Real Estate Investment Trusts	Singapore focused real estate investor	8,347	2.0
Siliconware Precision	Technology Hardware and Equipment	Taiwanese semi-conductor assembly and testing	8,008	1.9
Asustek Computer	Technology Hardware and Equipment	Taiwanese computer manufacturer	7,623	1.8
Texwinca	Personal Goods	Hong Kong producer of dyes and yarn	7,510	1.8
Glow Energy	Electricity	Thai supplier of electricity and steam power	7,424	1.7
Hanjaya Mandala Sampoerna	Tobacco	Leading cigarette manufacturer in Indonesia	7,268	1.7
Keppel Corporation	General Industrials	Singapore holding company	7,005	1.6
Swire Pacific	General Industrials	Hong Kong diversified investment company	6,300	1.5
Taiwan Mobile	Mobile Telecommunications	Taiwanese telecom services provider	6,174	1.4
Woodside Petroleum	Oil and Gas Producers	Australian oil and gas explorer and producer	6,133	1.4
BTS Rail Mass Transit Growth Infrastructure	Non Equity Investment Instruments	Thailand based transport infrastructure fund	6,106	1.4
Brambles	General Industrials	Australian provider of reusable pallets and crates	5,513	1.3
Philippine Long Distance Telecom	Mobile Telecommunications	Philippines telephone service provider	5,334	1.2
Australia & NZ Banking	Banks	Australian bank	5,300	1.2
CPN Retail Growth Property Fund	Real Estate Investment Trusts	Owner operator of shopping properties in Thailand	5,129	1.2
Incitec Pivot	Chemicals	Australian manufacturer of fertilisers and chemicals	4,942	1.2
Frasers Centrepoint Trust	Real Estate Investment Trusts	Singapore REIT investing in retail properties	4,906	1.1
Zhejiang Expressway	Industrial Transportation	Manager and operator of toll roads in China	4,782	1.1
Frasers Commercial Trust	Non Equity Investment Instruments	Singapore commercial real estate	4,770	1.1
Bangkok Bank	Banks	Thai bank	4,712	1.1
AMP	Life Insurance	Australian wealth management company	4,682	1.1
Computershare	Financial Services	Australian share registries and shareholder communications	4,595	1.1
Mapletree Industrial Trust	Real Estate Investment Trusts	Singapore based REIT	4,222	1.0
Soilbuild Business Space REIT	Real Estate Investment and Services	Singapore real estate investment trust	4,106	1.0
Scentre	Real Estate Investment Trusts	Australian retail shopping centres	4,012	0.9
Singapore Telecom	Mobile Telecommunications	Singapore provider of communications services	3,928	0.9
Jiangsu Expressway	Industrial Transportation	Manager and operator of toll roads in China	3,478	0.8
Ascott Residence REIT	Real Estate Investment Trusts	Global manager of serviced residences	3,354	0.8
Iluka Resources	Mining	Australian mineral sands operator	3,330	0.8

Investment Portfolio

Company	Industrial Classification	Activity	Market Value of Holding £'000	% of Total Equity Shareholders' Funds
Total Access Communication	Mobile Telecommunications	Thai telecommunications provider	3,101	0.7
Dah Chong Hong	General Retailers	Hong Kong listed conglomerate	3,018	0.7
Yue Yuen Industrial	Personal Goods	Hong Kong footwear manufacturer and distributor	2,908	0.7
MGM China	Travel and Leisure	Casino gaming operator	2,837	0.7
Vtech	Technology Hardware and Equipment	Consumer electronics supplier based in Hong Kong	2,723	0.6
Shanghai Industrial Holding	General Industrials	Investor in real estate and utilities in China	2,671	0.6
LG Chemical	Chemicals	Korean diversified petrochemical group	2,593	0.6
Samsung Electronics	Technology Hardware and Equipment	Korean consumer electronics manufacturer	2,445	0.6
Jardine Strategic	General Industrials	Hong Kong diversified investment company	2,399	0.6
Amorepacific	Personal Goods	Leading Asian health and beauty company	2,387	0.6
Soho China	Real Estate Investment and Services	Chinese office real estate developer and investor	2,373	0.6
Advanced Information Services	Mobile Telecommunications	Thai provider of mobile telecommunication services	1,843	0.4
Pacific Textiles	Personal Goods	Chinese fabric manufacturing company	1,820	0.4
Delta Elt Industrial	Electronic and Electrical Equipment	Taiwanese power electronics and energy management	1,743	0.4
Intouch	Technology Hardware and Equipment	Thai conglomerate	1,631	0.4
361 Degrees International	Personal Goods	Chinese sportswear brand company	1,584	0.4
Recall Australia	Support Services	Australian Information management company	1,503	0.4
HKT Trust and HKT	Fixed Line Telecommunications	Hong Kong telecommunication company	1,447	0.3
PTT Public	Oil and Gas Producers	Thai oil and gas exploration company	1,422	0.3
Asian Citrus	Food Producers	Fruit processor in China	1,410	0.3
LPN Development	Real Estate Investment and Services	Real estate developer in Thailand	1,385	0.3
KWG Property	Real Estate Investment and Services	Hong Kong property developer	1,180	0.3
Giordano International	General Retailers	Hong Kong based multinational retailer	902	0.2
Charm Communications	Media	Advertising agency in China	822	0.2
Evergreen International	Personal Goods	Leading Hong Kong clothes retailer	628	0.1
Glorious Sun Enterprise	General Retailers	China based clothing manufacturer	528	0.1
Shin	Technology Hardware and Equipment	Thai conglomerate	451	0.1
Total Investments			**451,605**	**105.4**
Net current liabilities			**(23,149)**	**(5.4)**
Total equity shareholders' funds			**428,456**	**100.0**

At 31 August 2013, the twenty largest investments represented 54.1% of shareholders' funds.

Strategic Report

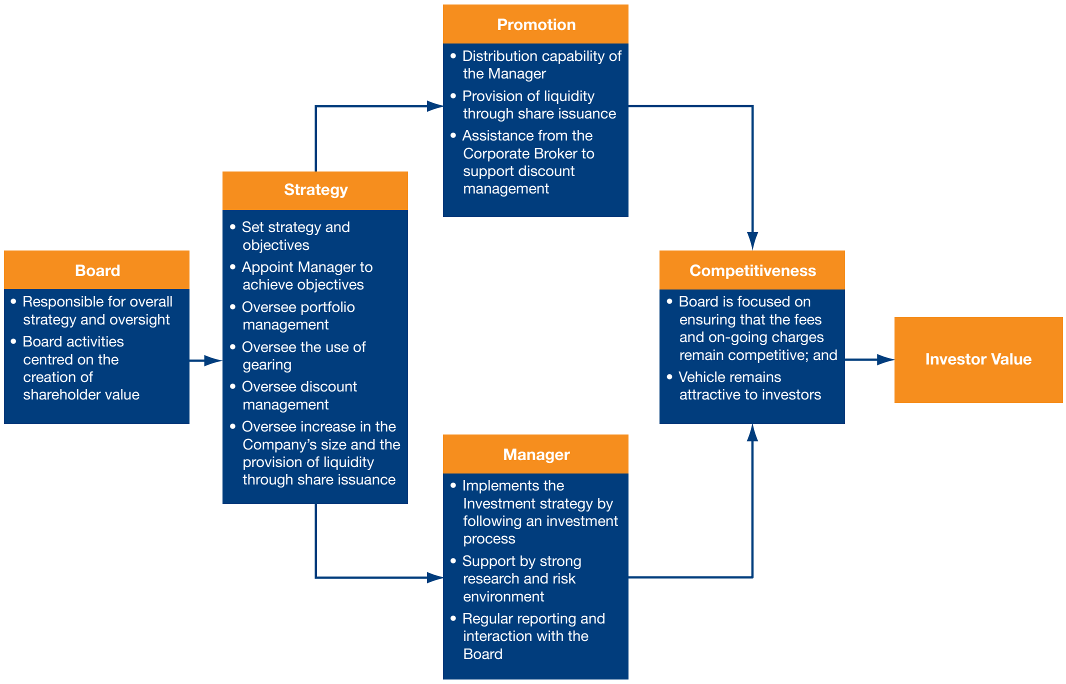
Company Structure

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 and monitors 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 Manager, a representative of which attends each Board meeting. Services from other key third party service providers are reviewed as appropriate.

The Company promotes its shares to a broad range of investors including discretionary wealth managers, private investors, financial advisors 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 by assisting in providing liquidity to the market through the issuance of shares and in reducing the volatility of any share price discount, the Board monitors the discount of the Company's share price to its underlying net asset value and the discounts of peer group companies and considers the use of its share buy-back authority on a regular basis. The Board also monitors the share price premium and seeks to issue shares to meet investor demand whenever possible.

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 peer group funds. An analysis of the Company's costs, including management fees, Directors' fees and general expenses, is submitted to each Board meeting, and management fees are reviewed at least annually.

Strategic Report

As at 31 August 2014, 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 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 overall Board, taking into account the specific criteria for the role being offered. Candidates are not specifically selected on the grounds of their gender but this is taken into account when the Board examines its overall balance, skill set and experience. The Board is currently considering its composition and refreshment.

Management

The Manager is authorised and regulated by the Financial Conduct Authority ("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 for the Company and manages relationships with key investors, in conjunction with the Chairman, other Board members 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 £271.5 billion (as at 30 June 2014) 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 also 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 discount management policy and advising the Board on key relationships with other third party 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 Schroders. 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 and 10.

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, depository 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. 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 in this paragraph 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,

Strategic Report

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.

At the beginning of the year under review, gearing (as explained in note 20 on page 41) was 2.1% and at the end of the year it was 5.1%. The average gearing during the year under review was 3.7%. The Company's gearing continues to operate within pre-agreed limits and will not exceed 25%.

The Company utilises a £50 million multi-currency revolving credit facility (31 August: £50 million), of which Australian $75.7 million was drawn down at the year end (2013: Australian $45.7 million). The Board has set parameters within which the Manager is authorised to use the credit facility and draw down funds.

Leverage

Leverage is any method by which the Company increases its exposure to changes in market prices.

In addition to the credit facility outlined above, the Company may employ leverage through other financial instruments such as derivatives or forward currency contracts, although it did not do so during the year. Leverage is then expressed as the ratio of the Company's total exposure to its net asset value. The Alternative Investment Fund Managers ("AIFM") Directive requires that this ratio is 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. Further details on how these ratios are calculated are given on the web at www.schroders.co.uk/its.

The AIFM Directive requires the Manager to set maximum leverage ratio limits as defined in the AIFM Directive. Accordingly the limits have been set at 2.0 for both the Gross and Commitment calculation methods. The Manager expects that, under normal market conditions, the level of leverage will be substantially lower than these maximum limits particularly as the Company does not utilise derivatives or forward currency contracts. At 31 August 2014, the Company's Gross leverage ratio and its Commitment leverage ratio both stood at 1.1.

The Manager may change the maximum level of leverage from time to time. Any changes will 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 fund manager also generates stock ideas through his own research and also 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 fund 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		

Strategic Report

Stock Research

The majority of Schroders' 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 its 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 our 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 fund manager focuses on stocks which have strong income and capital growth potential. Many of the stocks will already have attractive yields, but the fund 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 fund 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 fund 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 the portfolio 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 (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, 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);

(ii) 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;

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

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

(v) invest in physical commodities; or

(vi) 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 Articles 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 2014.

The Investment Portfolio on pages 9 and 10 and the Manager's Review on pages 6 to 8 demonstrate that, as at 31 August 2014, the portfolio was invested in 10 countries and in 11 different industry sectors within such countries. There were 76 equity holdings in the portfolio at the year end. 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.

Strategic Report

Principal Risks and Uncertainties

The Board has adopted a matrix of key risks which affect its business and has put in place a robust framework of internal control which is designed to monitor those risks and to enable the Directors to mitigate them as far as possible. The matrix and the monitoring system, which have been in place throughout the year and which are reviewed annually by the Board, assist in determining the nature and extent of the risks the Board is willing to take in achieving its strategic objectives. The principal risks are considered to be as follows:

Investment activity and performance

An inappropriate investment strategy (for example in terms of asset allocation or the level of gearing) may result in underperformance against the market and the companies in the peer group. The Board monitors at each Board meeting the Manager's compliance with the Company's Investment Restrictions.

Financial Risk

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. The Board considers the portfolio's risk profile at each Board meeting and discusses with the Manager appropriate strategies to mitigate any negative impact of substantial changes in markets or currency.

The Company utilises a credit facility, currently in the amount of £50 million, which increases the funds available for investment through borrowing. Therefore, in falling markets, any reduction in the net asset value and, by implication the consequent share price movement, is amplified by the gearing. The Directors keep the Company's gearing under constant review and impose strict restrictions on borrowings to mitigate this risk. The Company's gearing continues to operate within pre-agreed limits so that it does not exceed 25%.

A full analysis of the financial risks facing the Company is set out in note 19 on pages 37 to 41.

Strategic Risk

Over time investment vehicles and asset classes can become out of favour with investors or may fail to meet their investment objectives. This may be reflected in a wide discount of the share price to underlying asset value. Directors periodically review whether the Company's investment remit remains appropriate and continually monitor the success of the Company in meeting its stated objectives.

Accounting, Legal and Regulatory Risk

Breaches of the UK Listing Rules, Companies (Guernsey) Law 2008, or other regulations with which the Company is required to comply, could lead to a number of detrimental outcomes and damage the Company's reputation. Breaches of controls by service providers, including the Manager, could also lead to reputational damage or loss.

Corporate Social and Environmental Policy

As an investment company, the Company has no direct social, environmental or human rights responsibilities; its policy is focused on ensuring that its portfolio is properly managed and invested. The Company has however adopted a Corporate Social and Environmental policy, details of which are set out in the Report of the Directors on page 18.

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 pages 4 and 5 and the Manager's Review on pages 7 and 8.

By Order of the Board
Schroder Investment Management Limited
Company Secretary

5 November 2014

Report of the Directors

The Directors present their annual Report and the audited financial statements of the Company for the year ended 31 August 2014.

Dividend Policy

Having already paid interim dividends amounting to 4.50p per share, the Board has now declared a fourth interim dividend of 3.15p per share for the year ended 31 August 2014 which is payable on 28 November 2014 to Shareholders on the Register on 14 November 2014. Thus, dividends for the year amount to 7.65p (2013: 7.45p) per share. This represents an increase of 2.7% over the rate of dividends payable in respect of the previous year.

Total dividend payments for the year of £16,853,000 (2013: £14,958,000) would have resulted in retained revenue for the year of £949,000, but in accordance with accounting standards, the fourth interim dividend, amounting to £6,977,000, will not be accounted for until it has been paid.

As announced in January 2014, following last year's change in dividend 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 each year.

Directors and their Interests

The Directors of the Company and their biographical details can be found on the inside front cover. 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 its policy on tenure, which requires any Director who has served more than nine years to be subject to annual re-election by shareholders, Mr Robert Sinclair, Mr Peter Rigg and Mr Fergus Dunlop will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

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 remains a non-executive Director of Burnaby Insurance (Guernsey) Limited, a wholly owned subsidiary of Schroders plc. Given this connection he therefore offers himself for re-election at the Annual General Meeting in accordance with the Listing Rules.

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 Mr Sinclair, Mr Rigg, Mr Dunlop and Mr Sherwell continue to demonstrate commitment to their roles and provide valuable contributions to the deliberations of the Board. It therefore recommends that shareholders vote in favour 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 2014, all of which were beneficial, were as follows:

Director	**Ordinary shares of 1p each 31 August 2014**	Ordinary shares of 1p each 1 September 2013
Robert Sinclair	**12,142**	12,142
Fergus Dunlop	**12,142**	12,142
Peter Rigg	**12,142**	12,142
Christopher Sherwell	**12,142**	12,142

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 222,341,574 Ordinary shares of 1p each in issue and an additional 14,600,000 shares held in treasury. Accordingly, the total number of voting rights in the Company at the date of this Report is 222,341,574. Full details of the Company's share capital and charges during the year under review, are set out in note 13 on page 36.

Report of the Directors

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	28,769,002	12.93
Rathbone Investment Management	11,069,985	4.97
KB Financial Services Holdings Limited	9,927,288	4.46
Brewin Dolphin Limited	9,043,847	4.06
Charles Stanley & Co Ltd	7,860,051	3.53
Cheviot Asset Management Limited	7,789,750	3.50
Sarasin and Partners LLP	2,803,812	1.26

Manager

In accordance with the Alternative Investment Fund Managers ("AIFM") Directive, the Company has, with effect from 17 July 2014, become an Alternative Investment Fund. The Company has appointed Schroder Unit Trusts Limited ("SUTL"), a Schroders plc ("Schroders") Group Company with AIFM regulatory permissions, as the Manager in accordance with the terms of an Alternative Investment Fund Manager Agreement ("AIFM Agreement"). The Manager has delegated investment management, accounting and company secretarial services to Schroder Investment Management Limited. The Board has reviewed the performance of the Manager during the year under review and continues to consider that the Manager 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 below, is in the best interests of shareholders.

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.

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 £2,957,000 is payable in respect of the year ended 31 August 2014 (2013: £2,717,000).

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. A performance fee of £1,786,000 is payable in respect of the year ended 31 August 2014 (2013: £2,405,000).

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 as at 31 August 2014.

Schroders 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.

Safekeeping and Cashflow Monitoring Agent

HSBC Bank plc, which is incorporated in England and Wales, company registration number 00014259, registered office at 8 Canada Square, London E14 5HQ, and 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 with effect from 17 July 2014 to carry out certain duties of a Depositary specified in Article 36 of the AIFM Directive in relation to the Company as follows:

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

Report of the Directors

- 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 Depositary 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 their 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.

Corporate Social and Environmental Policy

The Company's primary investment objective is to achieve net optimal financial returns for shareholders, within established risk parameters and regulatory constraints. Provided that this objective is not compromised in the process, the Board does, however, believe that it is also possible to develop a framework that, in the interests of our shareholders, allows a broader range of considerations, including environmental and social issues, to be taken into account when selecting and retaining investments. The investment process therefore contains a review of research into the environmental, social and ethical stance of companies. Where potential financial or reputational risks are identified, their materiality is assessed and given due consideration by the Manager when selecting or retaining investments.

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 and then apply them consistently; and
- make judgments 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 within the Directors and Advisors section on the inside front cover, 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.

Report of the Directors

Going Concern
The Directors believe that, having considered the Company's investment objective (see inside front cover), risk management policies (see note 19 to the accounts on pages 37 to 41), capital management policies and procedures (see note 20 to the accounts on page 41), expenditure projections, and the fact that the Company's assets comprise readily realisable securities which can be sold to meet funding requirements if necessary, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue the operational existence for the foreseeable future. For these reasons, they consider that there is reasonable evidence to continue to adopt the going concern basis in preparing the final statements.

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 2012 (the "Code") which applies to accounting periods beginning on or after 1 October 2012 and the disclosures in this Statement report against its provisions. The Code is published by the UK Financial Reporting Council and is available to download from www.frc.org.uk.

The Board has noted the publication of the revised UK Corporate Governance Code in September 2014, which applies to financial years beginning on or after 1 October 2014 and is considering the Company's governance framework in light of the new provisions.

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 statement set out above, indicates how the Company has complied with the principles of good governance of the Code and its requirements on Internal Control.

The Board considers that the Company has, throughout the year under review, complied with all relevant provisions set out in the 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 chairman 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.

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 depositary 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 on all aspects of its role. The Chairman's other significant commitments are detailed on the inside front cover of this Report. He has no conflicting relationships.

Role of the Board
The role of the Board is set out in the Strategic Report on pages 11 and 12.

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.

Report of the Directors

The Chairman ensures that all Directors receive in a timely manner relevant management, regulatory and financial information and 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 and the wider sector, 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 has been put in place. This is implemented by way of a questionnaire and discussions with the Chairman. In respect of the Chairman, 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 November 2014.

Directors' Liability Insurance and Indemnity

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 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 each of the Chairman and 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

Terms of Reference

The Committees of the Board have defined Terms of Reference which are available on the website www.schroderorientalincomefund.com. Membership of the Committees is set out on the inside front cover of this Report.

Report of the Directors

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 the operational controls maintained by the Manager and Depositary, the Half Year and Annual Report and Accounts and the Audit Plan and Engagement letter, 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 the inside front cover of this Report).

During its review of the Company's financial statements for the year ended 31 August 2014, the Audit Committee considered the following significant issues, including consideration of principal risks and uncertainties in light of the Company's activities, and issues communicated by the Auditors during their reporting:

Issue considered	**How the issue was addressed**
• Overall accuracy of the Annual Report and Accounts	• Consideration of the draft Annual Report, letter from the Manager in support of the letter of representation to the Auditors 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, Custodian and Depositary.
• Internal controls and risk management	• Consideration of several key aspects of internal control and risk management operating within the Manager.

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 their re-appointment at the forthcoming Annual General Meeting. This evaluation involved an assessment of the effectiveness of the Auditors' 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 external 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 fourth year that the Senior Statutory Auditor has conducted the audit of the Company's financial statements.

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 (2013: same) 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 they have adequate arrangements in place to safeguard their objectivity and independence in carrying out such work, within the meaning of the regulatory and professional requirements to which they are 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 they are in a position to provide them.

Nomination Committee

The Nomination Committee is responsible for succession planning bearing in mind the balance of skills, knowledge and experience existing on the Board and will recommend to the Board when the further recruitment of non-executive Directors is required. The Nomination Committee aims to maintain a balance of relevant skills and experience, including gender, ages and length of service of the Directors serving on the Board.

Report of the Directors

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 aims to promote diversification and the Board 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 a recommendation to the Board.

Once appointed as a Director, re-appointment is not automatic and follows a formal process of evaluation of each Director's performance by the Chairman. Any Director who is subject to annual re-election due to length of service or other appointments is subject to particularly rigorous assessment of their contribution.

The Committee met on one occasion during the year under review to consider the composition of the Board.

Management Engagement Committee

The role of the Management Engagement Committee is to ensure that the Manager remains suitable to manage the portfolio, that the management contract is competitive and reasonable for the shareholders, 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 once during the year under review and considered the performance and suitability of the Manager, the terms and conditions of the management contract and services provided by other service providers and Directors' fees.

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. In addition Interim Management Statements are issued twice per annum in accordance with the Transparency Directive.

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 twenty 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 of this Report.

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.

Exercise of Voting Powers and the UK Stewardship Code

The Company has delegated responsibility for voting to Schroders which votes in accordance with its corporate governance policy. A copy of this policy is available on the Company's website. The Board considers the UK Stewardship Code to be an important tool in shareholder engagement. Schroders' compliance with the principles of the UK Stewardship Code is reported on its website at www.schroders.com.

Anti-Bribery Policy

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

Internal Audit

The Company does not have an internal audit function; it delegates most of its operations to third parties and does not employ any staff. The Board will continue to monitor the system of internal control in order to provide assurance that it operates as intended and the Directors annually review 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 page 15.

By Order of the Board
Schroder Investment Management Limited
Company Secretary

5 November 2014

Remuneration Report

Introduction

This Report is presented in a different format this year due to changes in best practice.

Both the Directors' Remuneration Policy and the Directors' Annual Report on Remuneration are subject to shareholder approval at the forthcoming Annual General Meeting ("AGM") as described below.

Policy on Remuneration of Directors

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. This aggregate level of Directors' fees is currently set at £150,000 per annum and any increase in this level requires approval by the Board and the Company's shareholders.

The Board and its Committees exclusively comprise non-executive Directors. No Director past or present has an entitlement to pensions, and the Company has not, and does not intend to, award any share options or long term performance incentives to any Director. No element of Directors' remuneration is performance related. No Director has a service contract with the Company however directors have a letter of appointment with the Company under which they are entitled to one month's 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 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.

Component Parts of the Directors' Remuneration

The elements which comprise the basis of remuneration paid to Directors are set out in the table below (see also related notes below the table).

Salary/fees	Amounts receivable during the financial year in respect of of one-year performance targets	Amounts receivable during the financial year in respect of performance targets of more than one year	Pensions related benefits
Fees only payable	N/A	N/A	N/A

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 maximum that may be paid in respect of Directors' aggregate fees is limited by the provisions of the Company's Articles of Incorporation, as amended from time to time with the approval of shareholders.
As the Company has no employees, there are no comparisons to be made between this Directors' Remuneration Policy and a policy on the remuneration of employees.

Directors' fees are reviewed annually and take into account research from third parties on the fee levels of 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.

Directors' Annual Report on Remuneration

This Report sets out how the Directors' Remuneration Policy was implemented during the year ended 31 August 2014.

Fees Paid to Directors

During the year ended 31 August 2014, 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.

Remuneration Report

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 2014 and the previous financial year:

Director	Salary/Fees 2014 £	Salary/Fees 2013[1] £	Amounts receivable during the year ended 31 August 2014 in respect of one year performance targets 2014 £	2013 £	Amounts receivable during the year ended 31 August 2014 in respect of performance targets of more than one year 2014 £	2013 £	Pensions-Related Benefits 2014 £	2013 £	Total 2014 £	Total 2013[1] £
Robert Sinclair (Chairman)	30,000	35,000	–	–	–	–	–	–	30,000	35,000
Fergus Dunlop	25,000	30,000	–	–	–	–	–	–	25,000	30,000
Peter Rigg	27,750	32,750	–	–	–	–	–	–	27,500	32,750
Christopher Sherwell	25,000	30,000	–	–	–	–	–	–	25,000	30,000

[1]The Directors each received an additional £5,000 during the year ended 31 August 2013 for work in connection with the "C" Share issue.

Consideration of Matters Relating to Directors' Remuneration

Directors' remuneration levels were reviewed by the Management Engagement Committee and the Board during the year under review. The members of the Committee at the time that remuneration levels were considered were as set out in the inside front cover of this Report. No external advice was sought in considering Directors' fee levels. However information on fees paid to Directors of other investment trusts managed by Schroders and peer group companies provided by the Manager and corporate broker was taken into consideration.

Expenditure by the Company on Directors' Remuneration compared with Distributions to shareholders

The table below compares the remuneration payable to Directors with distributions paid to shareholders during 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 income and capital growth.

	Year ended 31 August 2014 £'000	Year ended 31 August 2013 £'000	% Change
Remuneration payable to Directors	108	128[1]	-15.6
Distributions paid to shareholders			
– Dividends	16,436	15,739	+4.4

[1]The Directors each received an additional £5,000 during the year ended 31 August 2013 for work in connection with the "C" Share issue.

Directors' Share Interests

The Company's Articles of Incorporation do not require 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 16. 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 Directors' Remuneration Policy for the year ending 31 August 2015

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 2015.

Shareholder Approval

Directors' Remuneration Policy

The above Remuneration Policy is currently in force and is subject to a binding vote every three years. An ordinary resolution to approve this Policy will be put to shareholders at the forthcoming AGM, following which the full Policy provisions will continue to apply until the AGM to be held in 2017 unless a revised Remuneration Policy is approved prior to such AGM.

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 2013, 99.8% of the votes cast (including votes cast at the Chairman's discretion) in respect of approval of the Remuneration Report for the year ended 31 August 2013 were in favour, while 0.2% were against. 6,222 votes were withheld.

Robert Sinclair
Chairman
5 November 2014

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

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31 August 2014 and of its net profit for the period 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 Schroder Oriental Income Fund Limited (the 'Company') for the period ended 31 August 2014 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) 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 Statement of Directors' Responsibilities set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Our assessment of risks of material misstatement

We identified the following risks of material misstatement that had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team:

- Valuation and ownership of the Company's investments; and
- Calculation of the performance fee.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and of uncorrected misstatements, if any, on the financial statements and in forming our audit opinion.

We determined materiality for the Company to be £4.28 million which is 1% of total equity. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgment was that overall performance materiality (i.e., our tolerance for misstatement in an individual account or balance) for the Company should be 75% of materiality, namely £3.21 million. Our objective in adopting this

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

approach was to ensure that total uncorrected and undetected audit differences in all accounts did not exceed our planning materiality level.

We have agreed with the Audit Committee to report any audit differences in excess of £0.21 million, as well as differences below that threshold which, in our view, warrant reporting on qualitative grounds.

An overview of the scope of our audit

We addressed the risk with respect to the valuation and ownership of the Company's investments by:

- Agreeing period end prices for all investments to an independent source: and
- Obtaining confirmation from the Company's Depositary of all investment holdings and agreeing those holdings to the Company's books and records.

We addressed the risk with respect to the calculation of the performance fee by:

- Checking that the method used for calculating the performance fee was consistent with the terms of the agreement between the Manager and the Company; and
- Re-performing the calculation and agreeing the inputs to the calculation to the Company's books and records.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

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

Under the Companies (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 nine provisions of the UK Corporate Governance Code specified for our review.

Michael Bane
for and on behalf of Ernst & Young LLP
Recognised Auditors
Guernsey

5 November 2014

Statement of Comprehensive Income

for the year ended 31 August 2014

	Note	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Gains on investments at fair value through profit or loss	2	–	28,387	28,387	–	28,283	28,283
Net foreign currency gains		–	210	210	–	2,786	2,786
Income from investments	3	21,074	878	21,952	19,878	–	19,878
Other income	3	24	–	24	33	–	33
Total income		21,098	29,475	50,573	19,911	31,069	50,980
Management fee	4	(887)	(2,070)	(2,957)	(815)	(1,902)	(2,717)
Performance fee	4	–	(1,786)	(1,786)	–	(2,405)	(2,405)
Other administrative expenses	5	(566)	(3)	(569)	(614)	(5)	(619)
Profit before finance costs and taxation		19,645	25,616	45,261	18,482	26,757	45,239
Finance costs	6	(272)	(629)	(901)	(325)	(1,416)	(1,741)
Profit before taxation		19,373	24,987	44,360	18,157	25,341	43,498
Taxation	7	(1,571)	–	(1,571)	(1,586)	–	(1,586)
Net profit and total comprehensive income		17,802	24,987	42,789	16,571	25,341	41,912
Earnings per share	9	8.12p	11.40p	19.52p	8.74p	13.36p	22.10p

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 31 to 41 form an integral part of these accounts.

Statement of Changes in Equity

for the year ended 31 August 2014

	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 2012	34,709	–	39	150,374	87,641	17,561	290,324
Issue of shares	28,314	–	–	–	–	–	28,314
Issue of Ordinary shares on conversion of "C" shares	49,765	–	–	–	882	–	50,647
Issue and repurchase of Ordinary shares into Treasury	36,092	(36,092)	–	–	–	–	–
Reissue of Ordinary shares from Treasury	–	468	–	–	–	–	468
Net profit	–	–	–	–	25,341	16,571	41,912
Dividends paid in the year	–	–	–	–	–	(15,739)	(15,739)
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**

The notes on pages 31 to 41 form an integral part of these accounts.

Balance Sheet

at 31 August 2014

	Note	2014 £'000	2013 £'000
Non current assets			
Investments at fair value through profit or loss	10	**451,605**	405,696
Current assets			
Receivables	11	**2,490**	1,674
Cash and cash equivalents		**20,575**	18,168
		23,065	19,842
Total assets		**474,670**	425,538
Current liabilities			
Payables	12	**(46,214)**	(29,612)
Net assets		**428,456**	395,926
Equity attributable to equity holders			
Share capital	13	**148,880**	148,880
Treasury share reserve	14	**(29,447)**	(35,624)
Capital redemption reserve	14	**39**	39
Special reserve	14	**150,374**	150,374
Capital reserves	14	**138,851**	113,864
Revenue reserve	14	**19,759**	18,393
Total equity shareholders' funds		**428,456**	395,926
Net asset value per share	15	**193.44p**	181.46p

These accounts were approved and authorised for issue by the Board of Directors on 5 November 2014 and signed on its behalf by:

Director

The notes on pages 31 to 41 form an integral part of these accounts.

Registered in Guernsey
Company registration number: 43298

Cash Flow Statement

for the year ended 31 August 2014

	2014 £'000	2013 £'000
Operating activities		
Profit before finance costs and taxation	**45,261**	45,239
Less exchange gains on foreign currency bank loan	**(109)**	(3,042)
Less gains on investments at fair value through profit or loss	**(28,387)**	(28,283)
Net purchases of investments at fair value through profit or loss	**(17,564)**	(78,043)
Increase in receivables	**(854)**	(478)
Increase in payables	**207**	1,044
Overseas taxation paid	**(1,491)**	(1,615)
Net cash outflow from operating activities before interest	**(2,937)**	(65,178)
Interest paid	**(827)**	(1,267)
Finance costs paid relating to "C" shares	**–**	(877)
Net cash outflow from operating activities	**(3,764)**	(67,322)
Financing activities		
Net bank loans drawn down	**16,430**	5,700
Reissue of Ordinary shares from Treasury	**6,177**	468
Issue of Ordinary shares	**–**	64,406
Gross proceeds of "C" share issue	**–**	50,854
Repurchase of Ordinary shares into Treasury	**–**	(36,092)
Dividends paid	**(16,436)**	(15,739)
Net cash inflow from financing activities	**6,171**	69,597
Increase in cash and cash equivalents	**2,407**	2,275
Cash and cash equivalents at the start of the year	**18,168**	15,893
Cash and cash equivalents at the end of the year	**20,575**	18,168

The notes on pages 31 to 41 form an integral part of these accounts.

Notes to the 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.

The accounts have been prepared on the going concern basis. The disclosures on going concern in the Report of the Directors on page 19 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.

Under IFRS, all the Company's investments are designated as "investments at fair value through profit or loss", because performance is evaluated on a fair value basis.

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 included in the Statement of Comprehensive Income and 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 within Gains and losses on sales of investments. Unrealised exchange gains and losses on foreign currency loans are included in the Statement of Comprehensive Income and dealt with in capital reserves within Holding gains and losses on investments.

(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.

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 35.

(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 of "C" shares issued by the Company, which are classified as a liability, are recognised as an expense and allocated wholly to capital.

Finance costs, other than those relating to C shares, 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.

Notes to the Accounts

(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 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 date of the transaction. At each balance sheet date, monetary items and non monetary assets and liabilities that are denominated in foreign 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) Adoption of new and revised Standards

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

IFRS 10 Consolidated Financial Instruments
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interest in Other Entities
IAS 19 Employee Benefits
IAS 27 (revised) Separate Financial Statements
IAS 28 (revised) Investments in Associates and Joint Ventures
IAS 1 (amended) Presentation of Items of Other Comprehensive Income
IFRS 7 (amended) Disclosures – Offsetting Financial Assets and Financial Liabilities
IFRS 1 (amended) Government Loans
Annual improvement to IFRS 2009 – 2011 Cycle

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the European Union).

IAS 32 (amended) Offsetting Financial Assets and Financial Liabilities
IFRS 9 Financial Instruments
IFRS 10, IFRS 12 and IAS 27 (amended) Investment Entities
IFRS 15 Revenue from Contracts with Customers
IAS 36 (amended) Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 (amended) Novation of Derivatives and Continuation of Hedge Accounting

The Directors do not expect that the adoption of the Standards listed above will have a significant impact on the financial statements of the Company in future periods, except that IFRS 9 may impact both the measurement and disclosure of Financial Instruments.

However it is not yet practical to provide an estimate of the effect.

(l) Accounting for C shares

C shares are classified as a liability of the Company; the income, expenses and capital gains or losses generated by the C share pool of assets during the period they are in existence, are included in the Statement of Comprehensive Income in their respective categories and the total is charged or credited back within finance costs in the capital column. The issue costs of the C shares are also recognised as a finance cost and charged to the capital column.

2. Gains on investments held at fair value through profit or loss

	2014 £'000	2013 £'000
Gains on sales of investments based on historic cost	**3,061**	20,012
Amounts recognised in investment holding gains and losses in the previous year in respect of investments sold in the year	**(4,882)**	(5,314)
(Losses)/gains on sales of investments based on the carrying value at the previous balance sheet date	**(1,821)**	14,698
Net movement in investment holding gains and losses	**30,208**	13,585
Gains on investments held at fair value through profit or loss	**28,387**	28,283

Notes to the Accounts

3. Income

Revenue:	2014 £'000	2013 £'000
Income from investments:		
Overseas dividends	21,074	19,875
Overseas stock dividends	–	3
	21,074	19,878
Other income		
Deposit interest	24	33
Total income	21,098	19,911
Capital:		
Special dividend allocated to capital	878	–

4. Management and performance fees

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Management fee	887	2,070	2,957	815	1,902	2,717
Performance fee	–	1,786	1,786	–	2,405	2,405
	887	3,856	4,743	815	4,307	5,122

The basis for calculating the management fee and performance fee is set out in the Report of the Directors on page 17.

5. Other administrative expenses

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Administration expenses	351	3	354	380	5	385
Directors' fees	108	–	108	128	–	128
Secretarial fee	75	–	75	75	–	75
Auditor's remuneration for audit services[1]	32	–	32	31	–	31
	566	3	569	614	5	619

[1]No amounts were payable to the auditor for non-audit services

6. Finance costs

	2014 Revenue £'000	2014 Capital £'000	2014 Total £'000	2013 Revenue £'000	2013 Capital £'000	2013 Total £'000
Interest on bank loans and overdrafts	272	634	906	325	740	1,065
Net loss attributable to "C" shares	–	–	–	–	(206)	(206)
Expenses of "C" share issue	–	(5)	(5)	–	882	882
	272	629	901	325	1,416	1,741

Notes to the Accounts

7. Taxation

	2014 £'000	2013 £'000
Irrecoverable overseas tax deducted from dividends receivable	**1,571**	1,586

The Company has been granted an exemption from Guernsey taxation, under the Income Tax (Exempt Bodies) Guernsey Ordinance 1989 and is charged an annual exemption fee of £600.

8. Dividends

	2014 £'000	2013 £'000
Dividends paid and declared		
Second interim dividend of 4.10p in respect of the year ended 31 August 2012	**–**	7,327
First interim dividend of 2.95p in respect of the year ended 31 August 2013	**–**	5,551
Second interim dividend of 1.50p in respect of the year ended 31 August 2013	**–**	2,861
Third interim dividend of 3.00p in respect of the year ended 31 August 2013	**6,560**	–
First interim dividend of 1.50p in respect of the year ending 31 August 2014	**3,283**	–
Second interim dividend of 1.50p in respect of the year ending 31 August 2014	**3,283**	–
Third interim dividend of 1.50p in respect of the year ending 31 August 2014	**3,310**	–
Total dividends paid in the year	**16,436**	15,739

	2014 £'000	2013 £'000
Fourth interim dividend declared of 3.15p (2013: third interim dividend of 3.00p)	**6,977**	6,546

With effect from 31 May 2013, dividends have been paid on a quarterly basis.

The third interim dividend declared in respect of the year ended 31 August 2013 differs from the amount actually paid due to shares issued after the balance sheet date but prior to the share register record date.

9. Earnings per share

	2014 £'000	2013 £'000
Net revenue profit	**17,802**	16,571
Net capital profit	**24,987**	25,341
Net total profit	**42,789**	41,912
Weighted average number of Ordinary shares in issue during the year	**219,238,697**	189,641,302
Revenue earnings per share	**8.12p**	8.74p
Capital earnings per share	**11.40p**	13.36p
Total earnings per share	**19.52p**	22.10p

Notes to the Accounts

10. Investments at fair value through profit or loss

	2014 £'000	2013 £'000
Opening book cost	**359,564**	261,516
Opening investment holding gains	**46,132**	37,861
Opening valuation	**405,696**	299,377
Purchases at cost	**127,296**	232,738
Sales proceeds	**(109,774)**	(154,702)
(Losses)/gains on sales of investments based on the carrying value at the previous balance sheet date	**(1,821)**	14,698
Net movement in investment holding gains and losses	**30,208**	13,585
Closing valuation	**451,605**	405,696
Closing book cost	**380,147**	359,564
Closing investment holding gains	**71,458**	46,132
Total investments at fair value through profit or loss	**451,605**	405,696

During the year, prior year investment holding gains amounting to £4,882,000 have been transferred to gains and losses on sales of investments as disclosed in note 14 on page 36.

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

	2014 £'000	2013 £'000
On acquisitions	**212**	346
On disposals	**278**	304
	490	650

11. Receivables

	2014 £'000	2013 £'000
Dividends and interest receivable	**2,422**	1,657
Securities sold awaiting settlement	**49**	7
Other debtors	**19**	10
	2,490	1,674

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

12. Payables

	2014 £'000	2013 £'000
Bank loan	**42,633**	26,312
Other creditors and accruals	**3,581**	3,300
	46,214	29,612

The bank loan comprises Australian $75.7 million (2013: Australian $45.7 million) drawn down on the Company's £50 million multi-currency credit facility with Scotiabank Europe PLC ("Scotiabank"). The facility is unsecured 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 during the year under review. Further details of the facility are given in note 19 on page 39.

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

Notes to the Accounts

13. Share capital

	2014 £'000	2013 £'000
Ordinary shares of 1p each, allotted, called-up and fully paid:		
Opening balance of 218,191,574 (2013: 175,764,500) shares	**113,256**	34,709
Reissue of 3,300,000 (2013: 250,000) shares from Treasury	**6,177**	468
Issue of nil (2013: 14,950,000) shares to the market	**–**	28,314
Issue of nil (2013: 19,000,000) shares to the Company's broker	**–**	36,092
Repurchase of nil (2013: 19,000,000) shares into Treasury	**–**	(36,092)
Issue of nil (2013: 27,227,074) shares, following the conversion of "C" shares	**–**	49,765
Closing balance of 221,491,574 (2013: 218,191,574) shares	**119,433**	113,256
15,450,000 (2013: 18,750,000) shares held in Treasury	**29,447**	35,624
Closing balance[1]	**148,880**	148,880

[1]Represented by 236,941,574 (2013: 236,941,574) shares, including 15,450,000 (2013: 18,750,000) shares held in Treasury.

During the year a total of 3,300,000 shares, nominal value £33,000, were reissued to the market from Treasury to satisfy demand, at an average price of 187.2p per share, for a total consideration received of £6,177,000.

14. Reserves

	Share Capital £'000	Treasury share reserve £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserves: Gains and losses on sales of investments £'000	Capital reserves: Investment holding gains and losses £'000	Revenue reserve £'000
Opening balance	148,880	(35,624)	39	150,374	64,722	49,142	18,393
Losses on sales of investments based on the carrying value at the previous balance sheet date	–	–	–	–	(1,821)	–	–
Movement in investment holding gains and losses	–	–	–	–	–	30,208	–
Transfer on disposal of investments	–	–	–	–	4,882	(4,882)	–
Realised exchange gains on cash and short term deposits	–	–	–	–	101	–	–
Exchange gains on foreign currency credit facility	–	–	–	–	41	68	–
Re-issue of 3,300,000 shares from Treasury	–	6,177	–	–	–	–	–
Management fee, finance costs and other expenses charged to capital	–	–	–	–	(2,702)	–	–
Performance fee	–	–	–	–	(1,786)	–	–
Dividends allocated to capital	–	–	–	–	878	–	–
Dividends paid in the year	–	–	–	–	–	–	(16,436)
Net revenue profit for the year	–	–	–	–	–	–	17,802
Closing balance	**148,880**	**(29,447)**	**39**	**150,374**	**64,315**	**74,536**	**19,759**

15. Net asset value per share

	2014	2013
Net assets attributable to shareholders (£'000)	**428,456**	395,926
Shares in issue at the year end	**221,491,574**	218,191,574
Net asset value per share	**193.44p**	181.46p

16. Contingent liabilities and capital commitments

There were no contingent liabilities or capital commitments at the balance sheet date (2013: none).

Notes to the Accounts

17. Related Party transactions

The Company has appointed Schroder Unit Trusts Limited ("the Manager"), a wholly owned subsidiary of Schroders plc, to provide investment management, accounting, secretarial and administration services. Details of the management and performance fee agreement are given in the Report of the Directors on page 17. The management fee payable in respect of the year amounted to £2,957,000 (2013: £2,717,000), of which £1,547,000 (2013: £730,000) was outstanding at the year end. The Company Secretarial fee payable to the Manager amounted to £75,000 (2013: £75,000) of which £37,500 (2013: £29,000) was outstanding at the year end. A performance fee amounting to £1,786,000 (2013: £2,405,000) was payable in respect of the year and the whole of this amount (2013: same) was outstanding at the year end.

If the Company invests in funds managed or advised by the Manager or any of its associated companies, any fees 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 16.

The Directors of the Company received fees for their services and details are given in the Remuneration Report on page 24.

Details of Directors' shareholdings in the Company are given in the Report of the Directors on page 16.

18. Disclosures regarding financial instruments measured at fair value

The Company's financial instruments within the scope of IFRS 7 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 31.

At 31 August 2014, the Company's investment portfolio comprised entirely Level 1 investments (2013: same).

There have been no transfers between Levels 1, 2 or 3 during the year (2013: nil).

19. 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 set 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;
- 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.

(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 15.

Notes to the Accounts

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.

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 – bank loan (including accrued interest payable)	**–**	**(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**

2013	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	386	4,539	4,084	302	363	9	1,179	101	10,963
Current liabilities – bank loan (including accrued interest payable)	–	(26,342)	–	–	–	–	–	–	(26,342)
Foreign currency exposure on net monetary items	386	(21,803)	4,084	302	363	9	1,179	101	(15,379)
Investments at fair value through profit or loss that are equities	118,007	91,679	50,503	46,421	33,746	15,777	8,012	41,551	405,696
Total net foreign currency exposure	118,393	69,876	54,587	46,723	34,109	15,786	9,191	41,652	390,317

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% (2013: 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:

	2014 £'000	2013 £'000
Statement of Comprehensive Income – net profit		
Net revenue profit	**1,926**	1,800
Net capital profit	**(2,532)**	(1,612)
Net total profit	**(606)**	188
Net assets	**(606)**	188

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

	2014 £'000	2013 £'000
Statement of Comprehensive Income – net profit		
Net revenue profit	**(1,926)**	(1,800)
Net capital profit	**2,532**	1,612
Net total profit	**606**	(188)
Net assets	**606**	(188)

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 40.

Notes to the Accounts

(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 fixed interest investments may be affected by interest rate movements or the expectation of such movements in the future. However the Company held no such investments at the current or comparative year end.

Management of interest rate risk

Liquidity and borrowings are managed with the aim of increasing returns to shareholders. The Company's 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:

	2014 £'000	2013 £'000
Exposure to floating interest rates:		
Cash and cash equivalents	**20,575**	18,168
Other payables: drawings on the credit facility	**(42,633)**	(26,312)
Total exposure	**(22,058)**	(8,144)

Interest receivable on cash balances, or paid on overdrafts, is at a margin below or above LIBOR respectively (2013: same).

During the year, the Company extended its 364 day £50 million multicurrency revolving credit facility with Scotiabank, which now expires on 28 April 2015. Amounts are normally drawn down on the facility for one month 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 31 August 2014, the Company had drawn down Australian $75.7 million (£42.6 million) on this facility at an interest rate of 3.4% per annum repayable on 7 October 2014. At 31 August 2013, the Company had drawn down Australian $45.7 million (£26.3 million) on this facility.

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:

	2014 £'000	2013 £'000
Maximum debit interest rate exposure during the year – net loan balances	**(27,509)**	(24,789)
Minimum debit interest rate exposure during the year – net loan balances	**(7,359)**	(8,144)

Interest rate sensitivity

The following table illustrates the sensitivity of the return after taxation for the year and net assets to a 0.5% (2013: 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.

	2014		2013	
	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	**39**	**(39)**	51	(51)
Net capital profit	**(149)**	**149**	(92)	92
Net total profit	**(110)**	**110**	(41)	41
Net assets	**(110)**	**110**	(41)	41

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 the portfolio. The Manager 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.

Notes to the Accounts

Market price risk exposure

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

	2014 £'000	2013 £'000
Equity investments at fair value through profit or loss	**451,605**	405,696

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 and 10. 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% (2013: 10%) in the fair values of the Company's equities. 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 equities, adjusting for changes in the management fee payable, but with all other variables held constant.

	2014		2013	
	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	**(102)**	**102**	(91)	91
Net capital profit	**44,923**	**(44,923)**	40,357	(40,357)
Net total profit for the year and net assets	**44,821**	**(44,821)**	40,266	(40,266)

(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 short term liabilities and 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 2014 £'000	Three months or less 2013 £'000
Other payables		
Bank loan – including interest	**42,756**	26,390
Other creditors and accruals	**3,478**	3,270
	46,234	29,660

(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

Notes to the Accounts

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.

Cash

Counterparties are subject to daily credit analysis by the Manager. Cash balances will only be deposited with reputable banks with high quality credit ratings.

Exposure to the Custodian

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 is clear and they are therefore protected. However cash balances deposited with the Custodian may be at risk in this instance, as the Company would rank alongside other creditors of the Custodian.

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.

	2014		2013	
	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	**2,471**	**2,471**	1,664	1,664
Cash and cash equivalents	**20,575**	**20,575**	18,168	18,168
	23,046	**23,046**	19,832	19,832

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.

20. 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:

	2014 £'000	2013 £'000
Debt		
Bank loan	**42,633**	26,312
Equity		
Share capital	**148,880**	148,880
Reserves	**279,576**	247,046
	428,456	395,926
Total debt and equity	**471,089**	422,238

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.

	2014 £'000	2013 £'000
Borrowings used for investment purposes, less cash	**22,058**	8,144
Net assets	**428,456**	395,926
Gearing	**5.1%**	2.1%

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 Thursday, 4 December 2014 at 12.00 noon. The formal Notice of Meeting is set out on page 43.

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 10 – Authority to Make Market Purchases of the Company's Own Shares (Special Resolution)

At the AGM on 4 December 2013, the Company was granted authority to make market purchases of up to 32,811,846 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 32,811,846 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 5 November 2014 (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 re-issue.

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 11 – Disapplication of Pre-Emption Rights (Special 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 2015 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 Meeting

NOTICE is hereby given that the Annual General Meeting of Schroder Oriental Income Fund Limited will be held at 12.00 noon on Thursday, 4 December 2014 at 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 9 will be proposed as ordinary resolutions and resolutions 10 and 11 will be proposed as special resolutions:

1. To receive the Report of the Directors and the audited accounts for the year ended 31 August 2014.
2. To approve the Policy on Directors' Remuneration.
3. To approve the Directors' Annual Report on Remuneration for the year ended 31 August 2014.
4. To re-elect Mr Robert Sinclair as a Director of the Company.
5. To re-elect Mr Peter Rigg as a Director of the Company.
6. To re-elect Mr Fergus Dunlop as a Director of the Company.
7. To re-elect Mr Christopher Sherwell as a Director of the Company.
8. To re-appoint Ernst & Young LLP as Auditor of the Company.
9. To authorise the Board to determine the remuneration of Ernst & Young LLP as Auditor of the Company.
10. 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"), at whatever discount the prevailing market price represents to the prevailing net asset value per share provided that:

    (a) the maximum number of shares hereby authorised to be purchased shall be 33,329,001, representing 14.99% of the issued share capital as at 5 November 2014;

    (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."
11. To consider and, if thought fit pass the following as a special resolution:

    "Subject to the passing of Resolution 10, the Board be and hereby is authorised in accordance with Section 292 of the Companies (Guernsey) Law, 2008 (as amended) to allot Ordinary shares for cash and/or sell treasury shares up to 22,234,157 Ordinary shares of 1p each in aggregate, representing 10% of the share capital in issue on 5 November 2014 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 2015 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
5 November 2014

Registered Office:
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL

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 (Guernsey) Limited, 3rd Floor, Natwest House, Le Truchot, St Peter Port, Guernsey GY1 1WD, 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 the inside front cover of the Annual Report and Accounts for the year ended 31 August 2014.

3 As at 5 November 2014, the Company had 222,341,574 Ordinary shares of 1p each in issue and an additional 14,600,000 shares held in Treasury. Accordingly, the total number of voting rights in the Company on 5 November 2014 is 222,341,574.

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 5 November 2014, the Company has 222,341,574 Ordinary shares of 1p each in issue with an additional 14,600,000 held in Treasury. The Company's assets are managed and it is administered by Schroders.

Website and Share Price Information

The Company has a dedicated web page, which may be found at www.schroderorientalincomefund.com. The website 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 (subject to a delay of 15 minutes) and copies of Report and Accounts and other documents published by the Company as well as information on the Directors, Terms of Reference of Committees and other governance arrangements. In addition, the site contains links to announcements made by the Company to the market. There is also a section entitled "How to Invest" which provides details of the Schroder ISA.

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' website at www.schroders.co.uk/its.

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.

Dealing Codes

The dealing codes for the Ordinary shares in the Company are as follows:

ISIN: GB00B0CRWN59

SEDOL: BOCRWN5

Ticker: SOI

Alternative Investment Fund Managers Directive – Periodic Disclosure

Preferential Treatment of Investors

The Company's investors purchase shares on the open market and therefore the Company is not in a position to influence the treatment of investors. No investor receives preferential treatment.

Liquidity Risk Management

The Company's shares are traded on the London Stock Exchange through market intermediaries. There are no special rights to redemption.

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 and in accordance with the Directive:

(a) any changes to the maximum level of leverage which the Manager may employ on behalf of the Company; and

(b) any changes to the right of re-use of collateral or any changes to any guarantee granted under any leveraging arrangement.

www.schroderorientalincomefund.com

www.schroders.co.uk/its

Schroders