Aberdeen Asian Income Fund Limited

Annual Report and Accounts
31 December 2011

2011

Aberdeen

Contents

1 Financial Highlights

Annual Report

2 Corporate Summary
6 Chairman's Statement
8 Manager's Review
10 Results
11 Performance
12 Investment Portfolio – Ten Largest Investments
13 Investment Portfolio – Other Investments
14 Sector/Geographical Analysis
15 Currency/Market Performance
16 Information about the Manager
17 The Investment Process

Directors' Reports and Financial Statements

18 Your Board of Directors
20 Directors' Report
24 Statement of Corporate Governance
28 Statement of Directors' Responsibilities
29 Directors' Remuneration Report
30 Independent Auditors' Report
31 Statement of Comprehensive Income
32 Balance Sheet
33 Statement of Changes in Equity
34 Cash Flow Statement
35 Notes to the Financial Statements

General Information

54 Marketing Strategy
55 How to Invest in Aberdeen Asian Income Fund Limited
57 Glossary of Terms and Definitions
58 Notice of Annual General Meeting
61 Corporate Information
62 Your Company's Capital History

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to seek your own independent financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised financial adviser. If you have sold or otherwise transferred all your Ordinary shares in Aberdeen Asian Income Fund Limited, please forward this document, together with the accompanying documents immediately to the purchaser or transferee, or to the stockbroker, bank or agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

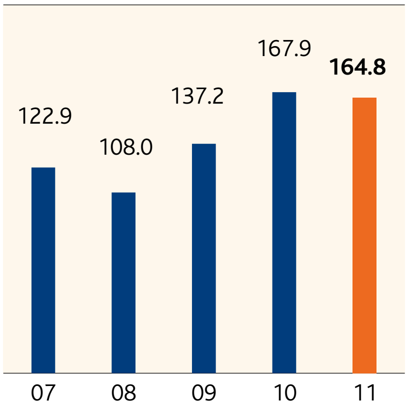
Financial Highlights

	2011	2010
Share price total return[A]	**+2.7%**	+30.8%
Diluted net asset value total return[A]	**+2.2%**	+28.3%
MSCI AC Asia Pacific ex Japan Index (currency adjusted)[A]	**–14.8%**	+22.1%
Dividends per share	**6.75p**	6.00p

[A]1 year return

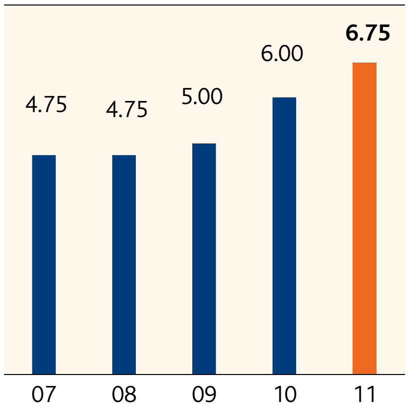
Diluted Net Asset Value per share

At 31 December – pence



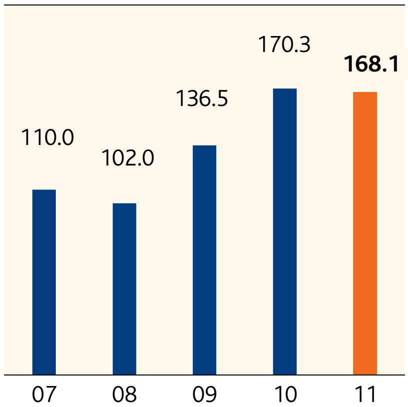
Dividends per share

pence



Mid-market price per share

At 31 December – pence



Financial Calendar

17 February 2012	Payment of fourth interim dividend for year ended 31 December 2011
27 March 2012	Announcement of results for year ended 31 December 2011
11 May 2012	First Warrant Subscription Date for 2012
16 May 2012	Annual General Meeting at No.1 Seaton Place, St Helier, Jersey JE4 8YJ at 9.30 a.m.
17 May 2012	Announcement of Interim Management Statement for quarter to 31 March 2012
18 May 2012	Payment of first interim dividend for year ending 31 December 2012
24 August 2012	Payment of second interim dividend for year ending 31 December 2012
August 2012	Announcement of half yearly results for the six months ending 30 June 2012
October 2012	Announcement of Interim Management Statement for quarter to 30 September 2012
October 2012	Expected Second Warrant Subscription Date for 2012
16 November 2012	Payment of third interim dividend for year ending 31 December 2012
February 2013	Payment of fourth interim dividend for year ending 31 December 2012

Corporate Summary

The Company

Aberdeen Asian Income Fund Limited (the "Company") is a Jersey-incorporated, closed-end investment company and its shares are listed on the London Stock Exchange. The Company is a member of the Association of Investment Companies.

Investment Objective

The investment objective of the Company is to provide investors with a total return primarily through investing in Asian Pacific securities, including those with an above average yield.

Investment Policy

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

The Company's investment policy is flexible, enabling it to invest in all types of securities, including equity shares, preference shares, debt, convertible securities, warrants and other equity-related securities issued by companies which are based in, or derive a significant proportion of their revenues or profits from, the Asia Pacific region and debt issued by companies or governments in the Asia Pacific region.

Achieving the Investment Policy

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

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

Typically the portfolio will comprise 30 to 50 holdings (but without restricting the Company from holding a more or less concentrated portfolio in the future).

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

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

A detailed description of the investment process and risk controls employed by the Manager is disclosed on page 17. A comprehensive analysis of the Company's portfolio is disclosed on pages 12 to 14 including a description of the ten largest investments, the investment portfolio by value, sector/geographical analysis and currency/market performance. At the year end the Company's portfolio consisted of 42 holdings.

The Board is responsible for determining the gearing strategy for the Company. The Board has restricted the maximum level of gearing to 25 per cent. of net assets although, in normal market conditions, the Company is unlikely to take out gearing in excess of 10% of net assets. Gearing is used selectively to leverage the Company's portfolio in order to enhance returns where and to the extent this is considered appropriate to do so. At the year end there was actual gearing of 2.2 per cent (see definition on page 57). Borrowings are short term and particular care is taken to ensure that any bank covenants permit maximum flexibility of investment policy.

The Company may only make material changes to its investment policies with the approval of shareholders (in the form of an ordinary resolution).

Investment Restrictions

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

In addition, the Company will not:
- invest, either directly or indirectly, or lend more than 20 per cent. (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), provided that this restriction does not apply to cash deposits awaiting investment;
- invest more than 20 per cent. (calculated at the time of any relevant investment) of its gross assets in one or more collective investment undertakings (open-ended or closed-end) which may invest more than 20 per cent. of their gross assets in other collective investment undertakings (open-ended or closed-end);
- invest more than 20 per cent. (calculated at the time of any relevant investment) of its gross assets in other collective investment undertakings (open-ended or closed-end);
- expose more than 20 per cent. of its gross assets to the creditworthiness or solvency of any one counterparty (including the counterparty's subsidiaries or affiliates);
- invest in physical commodities;
- enter into derivative transactions for speculative purposes;
- take legal or management control of any of its investee companies; or
- conduct any significant trading activity.

In the event of any breach of the investment restrictions applicable to the Company, shareholders and warrantholders will be informed of the actions to be taken by the Investment Manager by an announcement issued through a Regulatory Information Service or a notice sent to shareholders and warrantholders at their registered addresses in accordance with the Articles and the Warrant Instrument.

MSCI AC Asia Pacific (ex Japan) Index

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

Investment Manager

The Company is managed by Aberdeen Private Wealth Management Limited (regulated by the Jersey Financial Services Commission) and day-to-day investment management decisions are delegated to Aberdeen Asset Management Asia Limited ("AAM Asia").

Capital Structure

At 31 December 2011 the Company had a capital structure comprising 139,083,871 Ordinary shares of no par value and 6,155,130 Warrants. The Ordinary shares give shareholders the entitlement to all of the capital growth in the Company's assets and to all the income from the Company that is resolved to be distributed. Each Warrant confers the right to subscribe in cash for one Ordinary share at a price of 120p on the twentieth business day after despatch of the Company's Annual or Half Yearly Reports. The Final Subscription Date will be on the twentieth business day after despatch of the Annual Report for the year ending 31 December 2012.

The next Warrant exercise date will be 11 May 2012. Warrantholders should refer to the separate reminder letter accompanying this Annual Report.

The Company also had bank borrowings at 31 December 2011 amounting to £11.0 million which rank for repayment ahead of any capital return to shareholders.

Total Assets and Net Asset Value

The Company had total assets* of £242.9 million and a diluted net asset value of 164.8 pence per Ordinary share at 31 December 2011. * see definition on page 57

Websites*

Further information on the Company may be obtained from the following websites:

www.asian-income.co.uk
www.aberdeen-asset.com

*The maintenance and integrity of the Aberdeen Asian Income Fund Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Furthermore, legislation in Jersey and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Company Secretary

Aberdeen Private Wealth Management Limited, No. 1 Seaton Place, St Helier, Jersey JE4 8YJ

Email: company.secretary@invtrusts.co.uk

Customer Services

Freephone: 0500 00 00 40
(open Monday – Friday, 9am – 5pm)

Email: inv.trusts@aberdeen-asset.com

Risk

An investment in the Ordinary shares and/or Warrants is only suitable for investors capable of evaluating the risks (including the potential risk of capital loss) and merits of such investment and who have sufficient resources to bear any loss which may result from such investment. Furthermore, an investment in the Ordinary shares and/or Warrants should constitute part of a diversified investment portfolio. The risks described below are the principal risks which are considered by the Directors to be material to shareholders and potential investors in the Company. Greater detail on these risks is provided in note 16 to the financial statements.

Principal Risk Factors

Ordinary shares

The market price and the realisable value of the Ordinary shares, as well as being affected by their underlying net asset value, also take into account supply and demand for the Ordinary shares, market conditions and general investor sentiment. As such, the market value and the realisable value of the Ordinary shares may fluctuate and vary considerably from the net asset value of the Ordinary shares and investors may not be able to realise the value of their original investment. There is no guarantee that the Board's discount management policy will achieve its objective.

Warrants

Warrants represent a geared investment, so a relatively small movement in the market price of the Ordinary shares may result in a disproportionately large movement, unfavourable as well as favourable, in the market price of the Warrants.

Dividends

The Company will only pay dividends on the Ordinary shares to the extent that it has profits (current year or brought forward) available for that purpose. The ability of the Company to pay any dividends in respect of the Ordinary shares and any future dividend growth will depend primarily on the level of income received from its investments. The Company's income is derived from ordinary and special dividends and the level of these dividends received in any year is liable to fluctuation. Accordingly, the amount of the dividends paid to shareholders may also fluctuate.

Borrowings

Whilst the use of borrowings should enhance the total return on the Ordinary shares where the return on the Company's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is less than the cost of borrowing, further reducing the total return on the Ordinary shares.

Market Risks

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. Market risk comprises three elements, interest rate risk, currency risk and equity price risk. Further details of these risks are disclosed in note 16 to the financial statements. Investment in emerging securities markets in the Asia Pacific region involves a greater degree of risk than that usually associated with investment in more developed securities markets, including the risk of social, economic and political instability which may have an adverse effect on economic returns or restrict investment opportunities.

General

The Company does not have a fixed winding-up date and, therefore, unless shareholders vote to wind up the Company, shareholders will only be able to realise their investment through the market.

Taxation and Exchange Controls

Any change in the Company's tax status or in taxation legislation (including the tax treatment of dividends or other investment income received by the Company) could affect the value of the investments held by the Company, affect the Company's ability to provide returns to shareholders or alter the post-tax returns to shareholders.

The Company may purchase investments that may be subject to exchange controls or withholding taxes in various jurisdictions. In the event that exchange controls or withholding taxes are imposed with respect to any of the Company's investments, the effect will generally be to reduce the income received by the Company on its investments and the capital value of the affected investments.

Duration

The Company does not have a fixed life.

Share Dealing and ISA Status

Shares in Aberdeen Asian Income Fund Limited can be bought in the open market through a stockbroker. They can also be purchased through the Aberdeen savings scheme and are fully qualifying for inclusion within tax efficient ISA wrappers (see page 55).

Management Agreement

The Company has an agreement with Aberdeen Private Wealth Management Limited for the provision of management services, details of which are shown in note 5 to the financial statements. The Management Agreement provides for an investment management fee of 1.0 per cent. per annum of the Company's net assets, payable monthly in arrears. The Management Agreement also provides for a company secretarial and administration fee of £118,000 per annum, payable quarterly in arrears, which will be increased annually in line with any increases in RPI. The Management Agreement is terminable by either the Company or the Manager giving the other not less than six months' notice.

The Directors review the terms of the Management Agreement on a regular basis and have confirmed that, due to the investment skills, experience and commitment of the Investment Manager, in their opinion the continuing appointment of Aberdeen Private Wealth Management Limited, on the terms agreed, is in the interests of shareholders as a whole.

Chairman's Statement

Peter Arthur
Chairman

Background and Overview

I am pleased to report that your Company performed commendably in what was a volatile period for global financial markets. Over the year to 31 December 2011, the Company's diluted NAV total return was 2.2%, in sharp contrast to the 14.8% decline posted by the MSCI All Country Asia Pacific ex-Japan Index. The share price total return was 2.7% reflecting an increase in the premium to NAV from 1.4% to 2.0% with the share price ending the year at 168.1p. Significantly, we have increased the dividend for the year by 12.5% to 6.75p.

The Company's resilience reflects not only your Manager's approach to investing in well-run, cash-generating businesses but also the heightened risk aversion which turned investor attention back to high-quality, dividend-paying stocks. Many of your Company's holdings, which are defensive businesses with high dividend yields, therefore, did well in relative terms. Remarkably, almost half recorded positive absolute returns.

Specifically, your Company's investments in the Southeast Asian markets of Malaysia and Thailand, where dividend payout ratios tend to be higher, proved very rewarding. The holdings in Taiwan, too, put in solid performances, supported by their stable cash flows and attractive dividend yields. A more detailed analysis of performance is set out in the Manager's Review on page 8.

Overall, 2011 was a difficult year for Asia's stock markets. After two consecutive years of double-digit gains, equities suffered broad declines, hit by fiscal woes in Europe and the US. Sluggish activity in these economies clouded prospects for Asia's export-dependent markets in turn. Complicating the picture was China, the world's key growth engine. Its weaker growth momentum – largely a result of tighter policies to bring down inflation – deterred investors wary of a 'hard landing'. Last year I touched upon the risks posed by inflationary pressures but as the year under review progressed, policymakers shifted their priorities from controlling prices to supporting growth amid a deteriorating global outlook. While inflation has broadly subsided, it remains a concern in some countries, most notably in India, although your Company has no direct exposure there.

Companies, meanwhile, understandably turned cautious as the operating environment became more uncertain. Earnings growth was downgraded accordingly. But corporate fundamentals remain firm. As I have mentioned on previous occasions, Asian companies have over the years made considerable progress in reducing debt and strengthening their balance sheets, improving shareholder value in the process. Surplus cash is being returned to shareholders in the form of higher dividends. Certainly your Company's investments have generally continued to maintain their dividend payouts. Dividends received in 2011 exceeded that of 2010, a reflection of the underlying holdings' strong financials and regard for the interests of shareholders.

Dividends

Four quarterly interim dividends were declared over 2011. The first three dividends were paid at the rate of 1.5p totalling 4.5p (2010 – 3.75p) which, when added to the fourth interim dividend of 2.25p (2010 – 2.25p), represented an overall increase of 12.5% for the year. Following the payment of the fourth interim dividend, the Company's revenue reserves were £5.0m (which represents approximately 3.5p per share).

Your Manager is cautious about the prospects for corporate earnings in light of the uncertain economic environment. It is anticipated, however, that the majority of the portfolio's holdings, given their healthy cash flows, strong balance sheets and focus on shareholder value, will strive to maintain their dividend payouts in the current year.

Share Issuance and Gearing

During the year, the Company issued 6.25 million new Ordinary shares at a premium to the prevailing NAV and in response to on-going demand from the market. Such issues enhance the NAV (albeit marginally) for existing shareholders. Subsequent to the year end an additional 4.2 million Ordinary shares have been issued for cash. A further 14.8 million shares were issued following the exercise of Warrants to subscribe for Ordinary shares in May and October last year. There is a separate notice accompanying the Annual Report confirming that the next Warrant subscription date will be 11 May 2012. Warrantholders are reminded that there is a bi-annual right to exercise Warrants up to the final exercise date which will be in May 2013.

During the year the value of short term borrowings under the Company's loan facility increased marginally from £10.9 million to £11.0 million as a result of currency movements. On 20 March 2012 the Company's £15 million senior secured multicurrency revolving bank facility with Scotia Bank was extended for two years.

Outlook

Global stock markets entered the new year on a somewhat more positive note. The US economy appears to be showing signs of life. And there are hopes that the European Central Bank's loans to banks may have helped avert a severe credit crunch. But there is still much to be cautious about in the near term. Europe's debt concerns remain at the fore. The US, too, could continue to face a period of policy stasis, given the coming presidential election.

How concerning is all this? For one, the onset of recession in Europe and below-trend growth in the US is already being felt by Asian economies, particularly its exporters. For the most part, however, Asian governments have the wherewithal – both fiscal and monetary – to prop up growth more aggressively. But there is a downside. Stimulatory measures could worsen existing economic imbalances, most notably in China. Authorities there will be reluctant to overstimulate the economy again for fear of re-igniting inflation. With growth expected at around 7.5% in 2012, however, the mainland should continue to underpin Asia's growth. Most of all, while governments have scaled back growth forecasts in the face of a widely anticipated global economic slowdown, Asia is still on course to be the world's fastest-growing region this year.

Directorate

Martyn Chambers has indicated that he does not intend to seek re-election as a Director following his retirement by rotation at the Annual General Meeting on 16 May 2012. I would like to take this opportunity on behalf of the Board to thank Martyn for his support and input since the launch of the Company in 2005. We will miss his wise counsel. The Nomination Committee has undertaken a detailed process to identify a new non executive Director using the services of external consultants and I am pleased to advise that Charles Clarke has accepted an invitation to join the Board as an independent non executive Director with effect from 29 March 2012. Charles is a Jersey resident and was formerly Channel Island senior partner at KPMG having also worked for KPMG in Kuala Lumpur and will bring a wealth of international business experience to the Board. Charles is a non-executive director of a number of companies including SG Hambros Bank Limited where he is chairman of the audit committee and Phoenix Group Holdings where he is a member of the audit and investment committees.

Annual General Meeting

The Company's Annual General Meeting ("AGM") will be held at 9.30 a.m. on Wednesday 16 May 2012 at No.1 Seaton Place, St Helier, Jersey and your Board looks forward to meeting as many shareholders as possible. We have decided not to hold a London shareholder presentation this year, but will keep under review the merits of reinstating this event in the future. If you are unable to attend the AGM, I would encourage you to vote by returning your proxy (or letter of directions if you invest via the Aberdeen Savings Plans) which is enclosed with the Annual Report and Accounts. If you intend to attend the AGM, I would also be grateful if you would tick the relevant box when voting.

I look forward to reporting to you again with the Half Yearly Report to 30 June 2012, which will be issued to shareholders at the end of August 2012. Those shareholders who wish to keep up to date with developments between formal reports may wish to view the monthly factsheet at ttp://www.asian-income.co.uk/doc.nsf/Lit/FactsheetUKClosedAAIF.

Peter Arthur
Chairman
27 March 2012

Manager's Review

Overview

Asian stock markets declined sharply in 2011 amid much volatility, symptomatic of widespread anxiety. Sentiment was shaken by several significant events. Political upheaval in the Middle East and North Africa caused crude oil prices to rise above US$100 a barrel, which worsened inflation fears. Natural catastrophes in the region – the earthquake, tsunami and nuclear crisis in Japan and severe flooding in Australia, Thailand and the Philippines – also hurt confidence. The deepening Eurozone debt crisis, which appeared to be spreading to the core economies, as well as US economic woes further accentuated share price fluctuations. In previous years, markets had been cushioned by two rounds of quantitative easing in the US. But the end of the second round in the middle of 2011 caused market declines, though losses were pared following the European Central Bank's massive liquidity injection into the banking system at the end of the year. Overall, stock markets in Asia underperformed markets worldwide.

While most Asian economies fared better than their developed peers in 2011, growth eased. China, the region's bellwether, was not spared from the slowdown. The mainland's expansion rate moderated to 8.9% in the fourth quarter, its slowest pace in more than two years, as lower exports and property cooling measures took their toll. Still, growth was better than expected and concerns of a hard landing receded.

Nevertheless, growth prospects in Asia appeared less positive and gradually outweighed concerns over persistent price pressures, albeit inflation remains a bugbear. Initially, escalating consumer prices had prompted several central banks, particularly India's, to hike interest rates, while China raised the reserve requirement ratio five times from 19% to 21.5%. But policymakers reversed policy towards the end of the period, embarking on loosening monetary policy or holding rates steady to support their economies. Notably, China lowered the reserve requirement ratio for lenders in November for the first time in three years, while India, which had been aggressively hiking benchmark rates until October, paused monetary tightening.

Performance Review

The fund's diluted net asset value total return was 2.2% over the period and the share price total return was 2.7%. This compares with the MSCI AC Asia Pacific ex Japan Index's total return of a negative14.8%. In view of the severe volatility in global financial markets, more defensive, consumer-oriented stocks, especially those with strong cash flow generation and decent yields, outperformed. With respect to this trend, the overweight to the Southeast Asian countries of Malaysia and Thailand were the key contributors to the outperformance. In particular, our consumer and telecommunications holdings in these countries were among the top contributors to relative return.

In Malaysia, DiGi.Com, Guinness Anchor and British American Tobacco's (BAT) strong cash flows and decent dividend payouts appealed to investors. DiGi.Com's results also met forecasts with profits supported by top-line growth and better cost control. Guinness Anchor and BAT were aided by Malaysia's decision to leave the excise duty unchanged, contrary to expectations. It is worth noting that BAT's dividend payout ratio exceeded 90%. In Thailand, mobile phone operator Advanced Info Services posted solid earnings thanks to service revenue growth and lower operating expenses. Rising local consumption also boosted retailer Siam Makro's top-line growth, while healthy advertising expenditure lifted free-to-air TV broadcaster BEC World.

The underweight to both Taiwan and China also contributed to relative performance. Taiwan is a cyclical market dominated by financial companies. We do not hold any Taiwanese financial companies, preferring exposure to companies with healthy balance sheets such as Taiwan Semiconductor Manufacturing. Meanwhile, our holding in Taiwan Mobile rallied on the back of positive results because of growth in data revenue as penetration of smartphones increased. In China, our underweight position reflects a lack of exposure to financials, which constitutes about 20% of the local index. Mainland banks were among the weakest performers during the year and, as such, not holding them helped performance.

The lack of exposure to India also aided the portfolio, as the domestic market lagged on the back of persistently high inflation, elevated funding costs and policy stasis, which weighed on the economy. These factors led to increased foreign outflows and weakened the rupee, Asia's worst performing currency in 2011, which in turn exacerbated concerns over corporate profits and US-dollar denominated debt. We do not hold any Indian companies as their dividend yields are relatively unappealing.

On the other hand, not having any equity holdings in Indonesia and Korea detracted from relative performance. In Indonesia, companies with good dividend yields tend to be concentrated in the telecommunications sector, which is a highly competitive market where pricing can be irrational. With regards to Korea, our concerns lie in its lax corporate governance and companies which do not have a culture of paying out attractive dividends. We remain comfortable avoiding these countries.

Portfolio Activity

The review period saw the disposal of a few financial holdings, including Hong Leong Bank as it no longer offered an attractive yield, as well as the Bank of the Philippine

Islands and AIA Group in view of better opportunities elsewhere. In the telecommunications sector, we sold Telekomunikasi Indonesia in favour of a new position in China Mobile, which has a debt-free balance sheet, higher yield and better business prospects.

Other introductions included Hong Kong-listed lender HSBC Holdings, given its strong Asian franchise and solid capital base. HSBC was trading at a small premium to book value, which compared favourably to most of its regional peers. Further, its dividend payout is close to 50% of net revenue attributable to shareholders. We also initiated a position in Australian property trust Westfield Group, which owns and manages retail shopping centres in Australia, the US and UK, because of its relatively attractive income yield. As well, we bought Singapore-headquartered conglomerate Keppel Corporation, which has a growing pipeline of businesses in its key offshore and marine division. We also purchased Hong Kong bulk shipping company Pacific Basin, which has one of the strongest balance sheets in its industry. Despite the cyclicality of its business, it still posted healthy profits and offered a very attractive dividend yield of about 7%. Elsewhere, a new position was established in New Zealand telecommunications utility Chorus, which we received as an in specie distribution from Telecom New Zealand.

Subsequent to the period end the credit linked note issued by Deutsche Bank linked to the Indonesia Government Bond 10% 07/17 was sold entirely following excellent performance.

Outlook

Despite an apparent improvement in risk appetite, the sustainability of the rally in global markets remains uncertain. With no permanent resolution to the European debt crisis, markets are likely to witness further volatility. The IMF has cut its global growth forecast for 2012 and warned of a more intense downturn if Europe does not take stronger action to resolve its problems. The US, which is lacking a plan to contain its huge deficit, may also face another rating downgrade by Standard & Poor's. But Asia's growth is expected to be more resilient than the West, thanks to robust domestic demand and better flexibility with respect to fiscal and monetary policies.

Nevertheless, this confluence of external and domestic influences presents an opportune time to invest in dividend yielding stocks in Asia. Yields offered by many Asian companies, including the portfolio's holdings, are higher than those of local government bonds. As such, dividend stocks offer a competitive income alternative.

Although the operating environment remains uncertain, the companies we hold have robust balance sheets and good corporate governance. These qualities enable them to be committed to long-term dividend growth. Encouragingly, the dividend outlook for the Company's portfolio is expected to be decent this year. We maintain our view that investing in stocks with good dividend payouts is a defensive strategy in this current market climate and one which can generate healthy returns in the long run.

Aberdeen Asset Management Asia Limited
27 March 2012

Results

Financial Highlights

	31 December 2011	31 December 2010	% change
Total assets (see definition on page 57)	£242,946,000	£219,067,000	+10.9
Total equity shareholders' funds (net assets)	£231,946,000	£208,154,000	+11.4
Share price (mid market)	168.13p	170.25p	–1.2
Net asset value per share (basic)	166.77p	176.35p	–5.4
Net asset value per share (diluted)	164.78p	167.85p	–1.8
Premium to diluted net asset value	2.0%	1.4%	
MSCI AC Asia Pacific ex Japan Index (currency adjusted, capital gains basis)	472.88	572.28	–17.4
Actual gearing	2.2%	4.6%	
Potential gearing	4.7%	5.2%	
Dividend and earnings			
Total return per share[A]	3.36p	43.52p	
Revenue return per share[A]	7.44p	7.31p	+1.8
Dividends per share[B]	6.75p	6.00p	+12.5
Dividend cover	1.10	1.22	
Revenue reserves[C]	£5.03m	£4.38m	
Operating costs			
Total expense ratio	1.37%	1.37%	

[A]Measures the relevant earnings for the year divided by the weighted average number of Ordinary shares in issue (see Statement of Comprehensive Income).
[B]The figure for dividends reflects the years in which they were earned (see note 8 on page 40).
[C]The revenue reserves figure takes account of the fourth interim dividend amounting to £3,138,000 (2010 – fourth interim amounting to £2,656,000).

Performance (total return)

	1 year % return	3 year % return	5 year % return	Since launch[A] % return
Share price	+2.7	+88.1	+87.2	+107.4
Net Asset Value (diluted)	+2.2	+74.1	+81.8	+106.9
MSCI AC Asia Pacific ex Japan Index (currency adjusted)	–14.8	+61.0	+45.4	+74.2

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

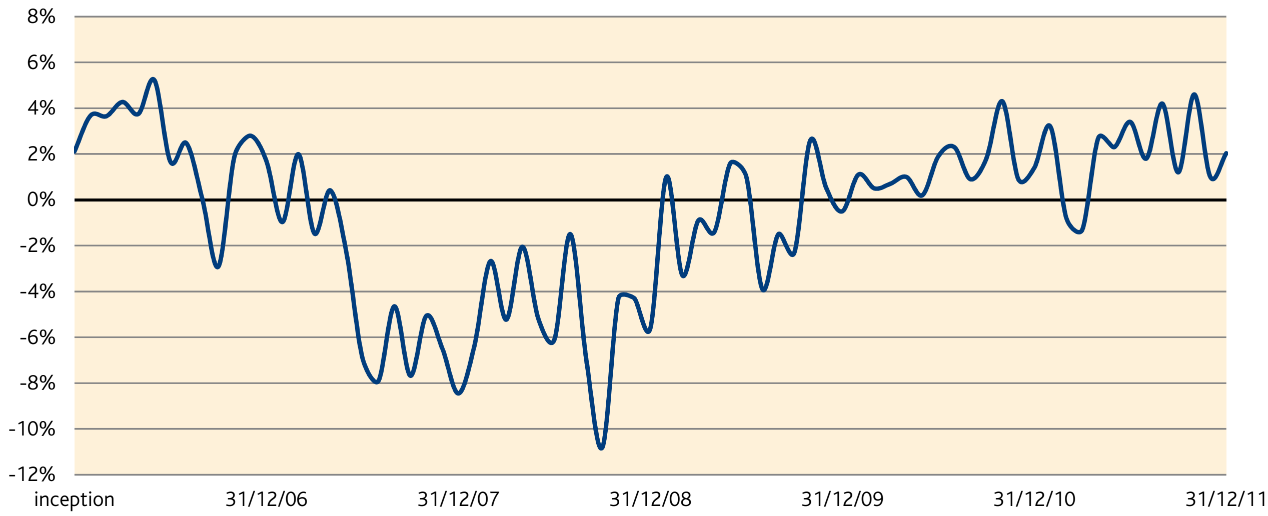
Dividends

	Rate per share	xd date	Record date	Payment date
First interim 2011	1.50p	27 April 2011	03 May 2011	19 May 2011
Second interim 2011	1.50p	20 July 2011	22 July 2011	25 August 2011
Third interim 2011	1.50p	26 October 2011	28 October 2011	18 November 2011
Fourth interim 2011	2.25p	18 January 2012	20 January 2012	17 February 2012
2011	**6.75p**			
First interim 2010	1.25p	28 April 2010	30 April 2010	19 May 2010
Second interim 2010	1.25p	21 July 2010	23 July 2010	15 August 2010
Third interim 2010	1.25p	27 October 2010	29 October 2010	19 November 2010
Fourth interim 2010	2.25p	19 January 2011	21 January 2011	18 February 2011
2010	**6.00p**			

Performance

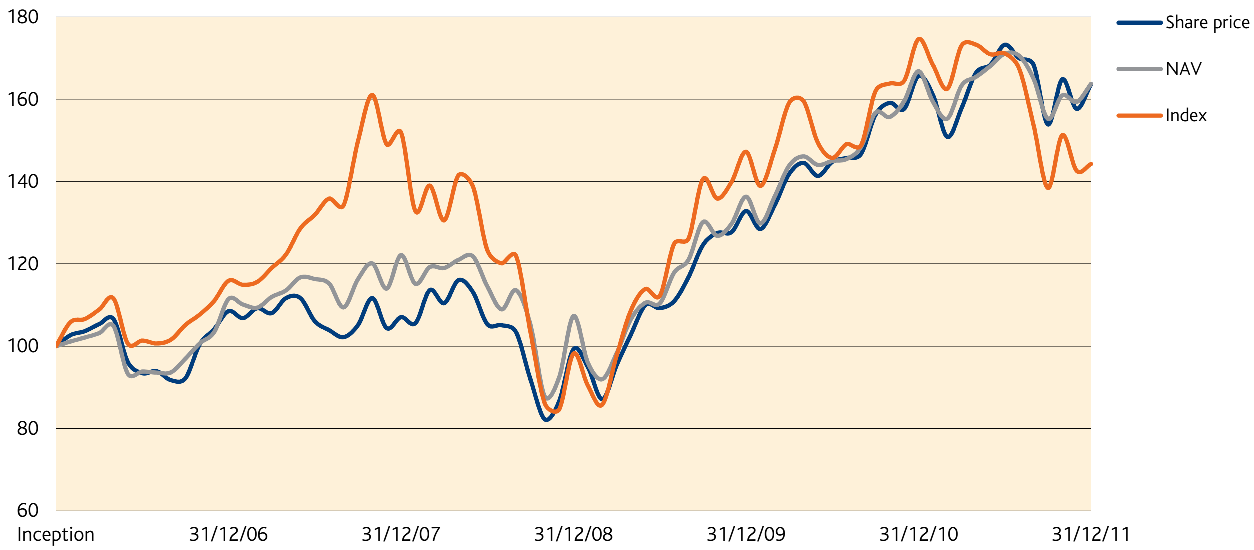
Share Price Premium/(Discount) to Diluted NAV

Launch (20 December 2005) to 31 December 2011



Capital Return of NAV and Share Price vs MSCI AC Asia Pacific Free ex Japan Index

Launch (20 December 2005) to 31 December 2011 (rebased to 100 at 20/12/05)



Financial Record

Year to 31 December	2006[A]	2007	2008	2009	2010	2011
Total revenue (£'000)	7,028	7,772	7,965	7,680	10,285	11,878
Per share (p)						
Net revenue return	5.08	5.45	5.69	5.54	7.31	7.44
Total return	13.45	15.72	(10.80)	37.47	43.52	3.36
Net dividends payable	4.50	4.75	4.75	5.00	6.00	6.75
Net asset value per share (p)						
Basic	112.15	123.48	108.01	140.63	176.35	166.77
Diluted	112.15	122.90	108.01	137.19	167.85	164.78
Equity shareholders' funds (£'000)	123,369	134,841	117,129	154,398	208,154	231,946

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

Investment Portfolio – Ten Largest Investments

As at 31 December 2011

Company	Sector	Country of activity	Valuation 2011 £'000	Total assets %[B]	Valuation 2010 £'000[C]
DB Indo CLN 10% 22/07/17 IDR 'FR28' Credit linked note issued by Deutsche Bank and linked to the Indonesia Government Bond 10% 07/17 as the underlying asset.	Government Securities	Indonesia	12,403	5.1	11,724
Taiwan Semiconductor The world's largest dedicated semiconductor foundry, it provides wafer manufacturing, wafer probing, assembly and testing, mask production and design services.	Semiconductors & Semiconductor Equipment	Taiwan	11,692	4.8	11,319
Guinness Anchor The market leader in Malaysia's beer and stout industry, with brand names including Tiger, Guinness and Heineken.	Beverages	Malaysia	10,851	4.5	7,741
Taiwan Mobile A leading telecommunications company in Taiwan offering mobile, fixed-line, cable TV and broadband services, it has a prudent management and pays a good dividend.	Wireless Telecommunication Services	Taiwan	9,969	4.1	10,096
QBE Insurance Group One of Australia's leading general insurance and reinsurance companies. Its business is diversified geographically across five locations, and it has a good, long-term track record of generating shareholder returns.	Insurance	Australia	9,315	3.8	8,838
British American Tobacco Manufacturer & marketer of tobacco products in Malaysia through BAT's international brands such as Dunhill and Lucky Strike.	Tobacco	Malaysia	8,865	3.6	7,585
Oversea-Chinese Banking Corporation A well-managed Singapore bank with a strong capital base and impressive cost-to-income ratio. It has also embarked on a selective regional expansion.	Commercial Banks	Singapore	8,357	3.4	9,015
Swire Pacific (Class A and Class B) A Hong Kong-listed conglomerate, with interests in aviation (via Cathay Pacific), property, beverages, marine services and industrial activities	Real Estate Management & Development	Hong Kong	7,876	3.2	9,369
Digi Com Digi is one of the 3 major telecommunications operators in Malaysia and is the only one that is majority owned by a foreign company. Digi currently has a market share of 26% in terms of mobile subscribers.	Wireless Telecommunication Services	Malaysia	7,580	3.1	6,599
Telstra Telstra is the largest Australian telecommunications company. The company provides a full suite of telecommunications services to a wide range of domestic and international customers.	Diversified Telecommunication Services	Australia	7,469	3.1	5,754
Top ten investments			**94,377**	**38.7**	

Investment Portfolio – Other Investments

As at 31 December 2011

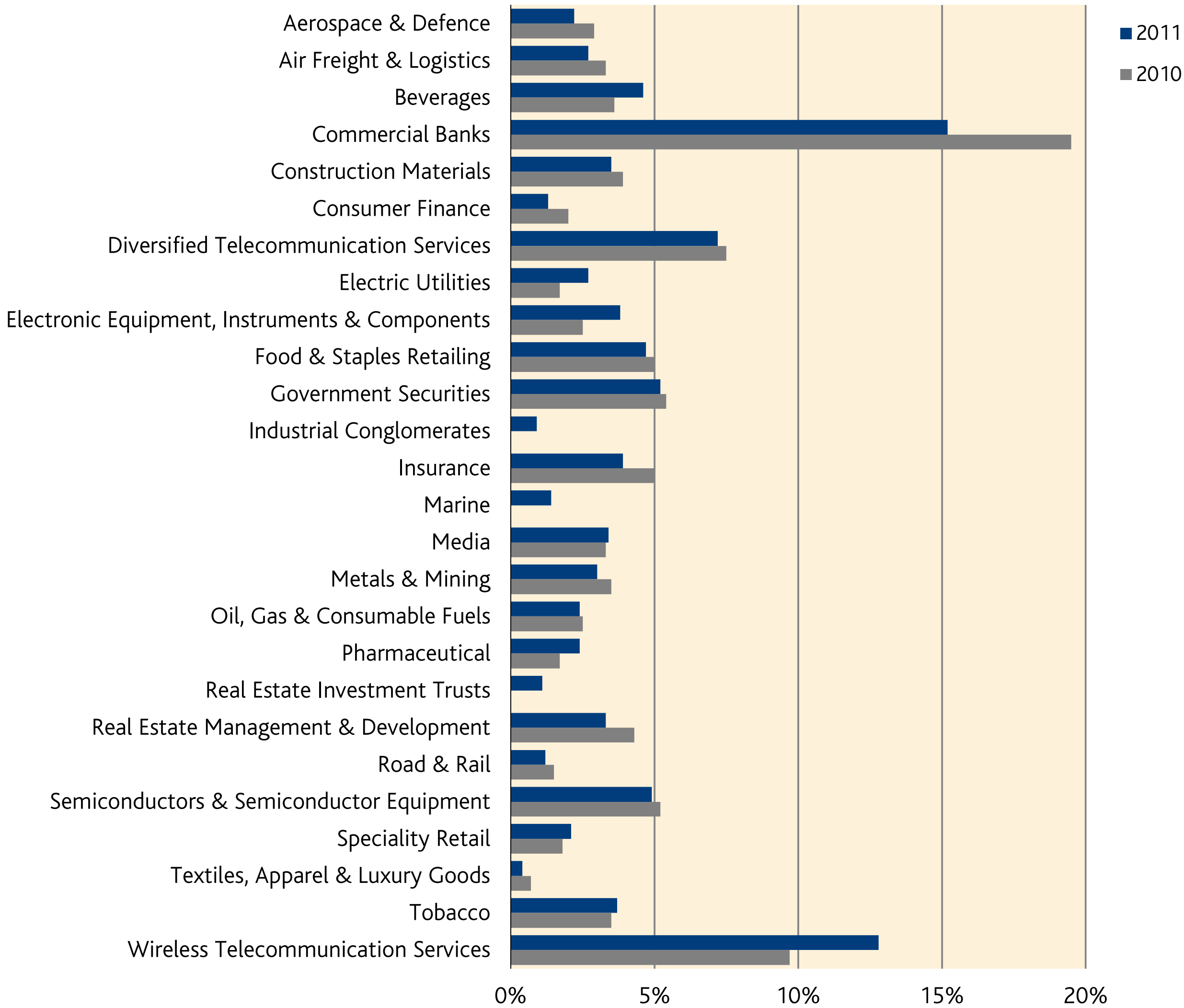
Company	Sector	Country	Valuation 2011 £'000	Total assets %[B]	Valuation 2010 £'000[C]
United Overseas Bank	Commercial Banks	Singapore	7,123	2.9	8,076
BHP Billiton	Metals & Mining	Australia[D]	7,059	2.9	7,653
Venture Corp	Electronic Equipment, Instruments & Components	Singapore	6,615	2.7	2,909
HSBC Holdings	Commercial Banks	Hong Kong	6,597	2.7	–
SP Ausnet	Electric Utilities	Australia	6,449	2.7	3,759
China Mobile	Wireless Telecommunication Services	China	6,410	2.6	–
Siam Makro	Food & Staples Retailing	Thailand	6,337	2.6	6,265
Advanced Information Services	Wireless Telecommunication Services	Thailand	6,282	2.6	4,472
Commonwealth Bank of Australia	Commercial Banks	Australia	6,007	2.5	5,650
Takeda Pharmaceutical	Pharmaceuticals	Japan	5,637	2.3	3,775
Top twenty investments			**158,893**	**65.2**	
PetroChina	Oil, Gas & Consumable Fuels	China	5,608	2.3	5,394
Singapore Telecommunications	Diversified Telecommunication Services	Singapore	5,582	2.3	5,140
Siam Cement	Construction Materials	Thailand	5,575	2.3	5,836
Australia & New Zealand Bank Group	Commercial Banks	Australia	5,485	2.3	5,886
Singapore Technologies Engineering	Aerospace & Defence	Singapore	5,287	2.2	6,224
Giordano International	Speciality Retail	Hong Kong	4,983	2.0	3,964
Woolworths	Food & Staples Retailing	Australia	4,702	1.9	4,658
Singapore Press Holdings	Media	Singapore	4,267	1.8	4,266
Singapore Post	Air Freight & Logistics	Singapore	4,167	1.7	4,283
BEC World	Media	Thailand	3,879	1.6	2,837
Top thirty investments			**208,428**	**85.6**	
Pacific Basin Shipping	Marine	Hong Kong	3,339	1.4	–
Hong Leong Finance	Consumer Finance	Singapore	3,184	1.3	4,306
SBS Transit	Road & Rail	Singapore	2,908	1.2	3,266
Telecom Corp of New Zealand (Australia Listing)	Diversified Telecommunication Services	New Zealand	2,801	1.2	2,914
Public Bank	Commercial Banks	Malaysia	2,631	1.1	5,014
Westfield Group	Real Estate Investment Trusts	Australia	2,576	1.1	–
Lafarge Malayan Cement	Construction Materials	Malaysia	2,466	1.0	2,527
Hana Microelectronics	Electronic Equipment, Instruments & Components	Thailand	2,428	1.0	2,384
Keppel Corp	Industrial Conglomerates	Singapore	2,077	0.9	–
Pos Malaysia	Air Freight & Logistics	Malaysia	2,054	0.8	2,776
Kingmaker Footwear	Textiles, Apparel & Luxury Goods	Hong Kong	862	0.4	1,419
Chorus	Diversified Telecommunication Services	New Zealand	855	0.4	–
Total value of investments			**236,609**	**97.4**	
Net current assets[A]			**6,337**	**2.6**	
Total assets[B]			**242,946**	**100.0**	

[A]Excluding bank loans of £11,000,000.
[B]See definition on page 57.
[C]Purchases and/or sales effected during the year will result in 2010 and 2011 values not being directly comparable.
[D]Incorporated in and listing held in United Kingdom

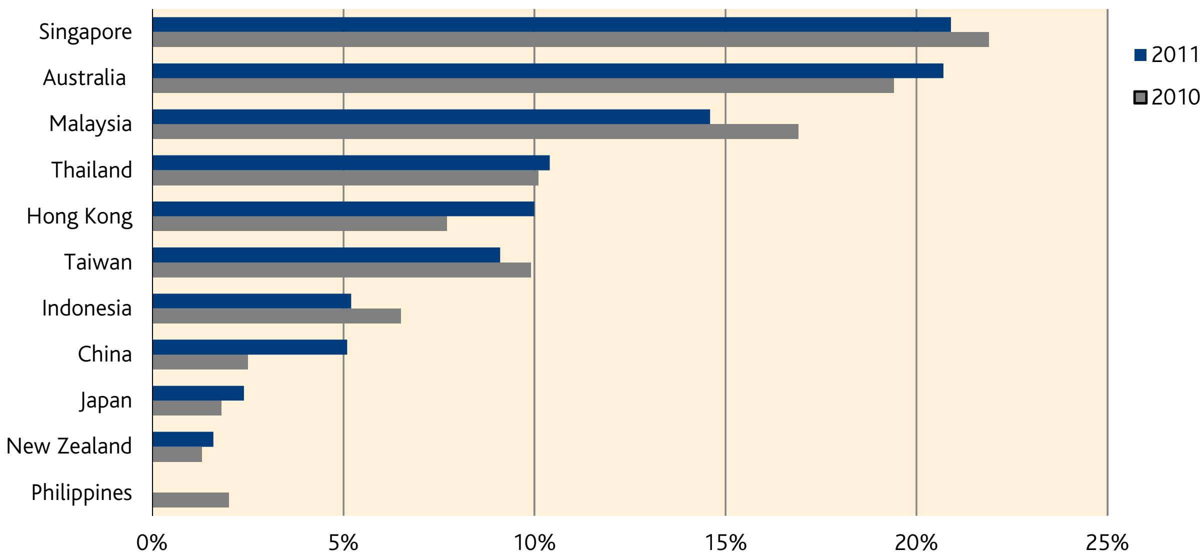
Sector/Geographical Analysis

As at 31 December 2011

Sector Breakdown



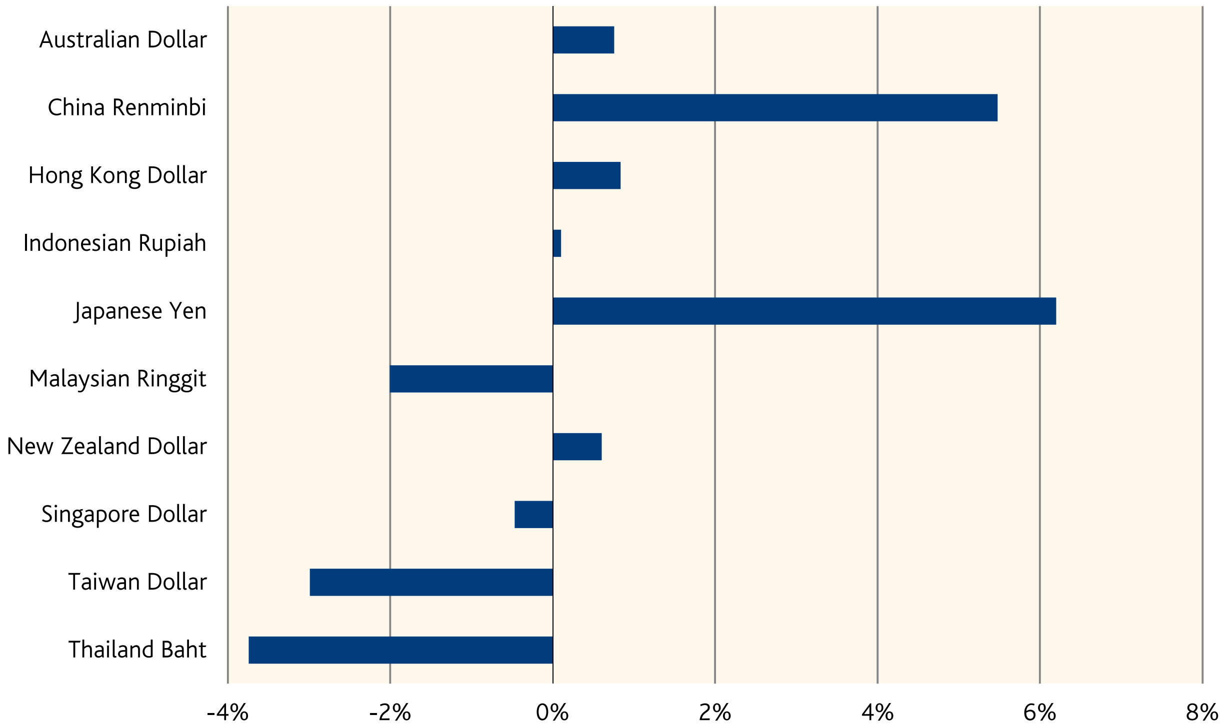
Geographic Breakdown



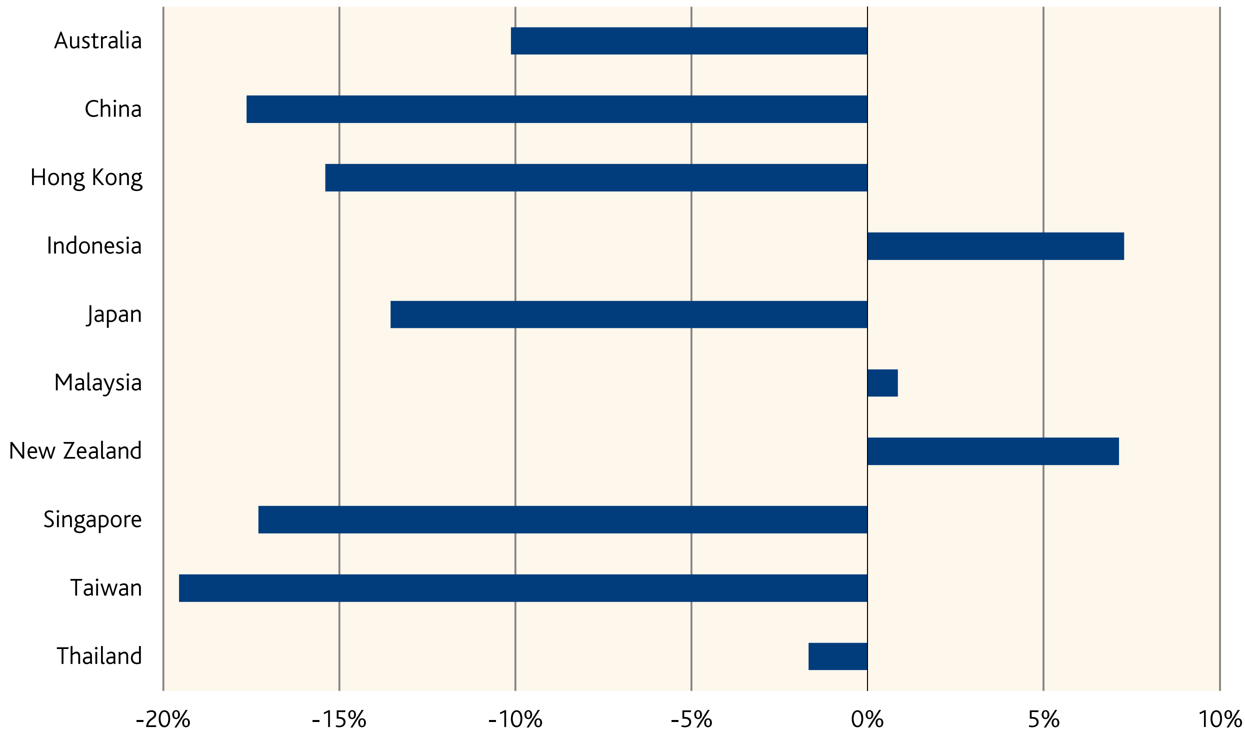
Currency/Market Performance

Year to 31 December 2011

Currency Returns (£)



MSCI Country Index Total Returns (£)



Information about the Manager

Aberdeen Asian Income Fund Limited

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

Worldwide, the Aberdeen Group manages a combined £173.9 billion (as at 31 December 2011) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

AAM Asia have been the Aberdeen Group's principal managers of Asia-Pacific assets since 1992, and had over 380 staff in the region at 31 December 2011. Total funds in the region, which are also managed from Sydney, Kuala Lumpur, Hong Kong and Bangkok, are over £56 billion as at 31 December 2011.

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

The Aberdeen Group manages over 40 investment companies and other closed-ended funds representing £8.7 billion under management. They adhere closely to the Group's investment style which is that of fundamental investors, with an emphasis on company visits and original research.

The Investment Team Senior Managers

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

Chou Chong
Investment Director
Masters in accounting and finance from the London School of Economics. Joined Aberdeen in 1994 and was investment director in Australia followed by head of the pan-European desk in the UK before returning to Singapore in 2008

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

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

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

Andrew Gillan
Senior Investment Manager
MA Joint Honours in French and European History from University of Edinburgh. Joined Aberdeen in September 2000 and transferred to Aberdeen Asia in November 2001.

The Investment Process

Philosophy and Style

The Investment Manager's investment philosophy is that markets are not always efficient. We believe that superior investment returns are therefore attainable by identifying good companies cheaply, defined in terms of the fundamentals that in our opinion drive share prices over the long term. We undertake substantial due diligence before initiating any investment including company visits in order to assure ourselves of the quality of the prospective investment. We are then careful not to pay too high a price when making the investment. Subsequent to that investment we then keep in close touch with the company, aiming to meet management at least twice a year. Given our long-term fundamental investment philosophy, one would not expect much change in the companies in which we invest. We do, however, take opportunities offered to us by what we see as anomalous price movements within stock markets to either top up or top slice positions, which typically accounts for the bulk of the activity within the portfolio during the period under review.

Asset Allocation and Stock Selection

AAM Asia is based in Singapore. Founded in 1992, the office is run by Hugh Young, the founding managing director. Hugh Young oversees a team of portfolio managers in Singapore who act as generalists, cross-covering the region. In addition, AAM Asia has offices in Sydney, Kuala Lumpur, Tokyo, Hong Kong and Bangkok.

Risk Controls

Aberdeen seeks to minimise risk by its in depth research. We do not view divergence from an index as risk – we view investment in poorly run expensive companies that we do not understand as risk. In fact where risk parameters are expressed in index relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence diversification of stocks provides our main control.

Aberdeen's performance and investment risk unit independently monitors portfolio positions, and reports monthly. As well as attributing performance it also produces statistical analysis, which is used by the Manager primarily to check the portfolio is behaving as expected, not as a predictive tool.

Regional Teams

Your Board of Directors

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

Peter Arthur

Status: Independent Non-Executive Director and Chairman
Age: 55
Length of service: 6 years, appointed a Director on 10 November 2005
Last re-elected to the Board: 12 May 2011
Experience: Qualified as a solicitor and chartered company secretary and was for five years an executive director of ISIS Asset Management plc until its acquisition of F&C Asset Management Limited in October 2004 where most recently he was managing director with responsibility for the group's investment trust and institutional businesses. Prior to this, he was chief legal counsel, Europe for Franklin Templeton Global Investors Ltd. He had previously served 14 years with Edinburgh Fund Managers plc, latterly as joint managing director. He is a non executive director of the Association of Investment Companies (AIC).
Committee membership: Management Engagement Committee (Chairman) and Nomination Committee
Remuneration: £30,000 per annum
All other public company directorships: director of Proven Health VCT plc
Employment by the Manager or AAM Asia: None
Other connections with Company or manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 32,414 Ordinary shares and 2,500 Warrants

Andrey Berzins

Status: Independent Non-Executive Director and Audit Committee Chairman
Age: 52
Length of service: 6 years, appointed a Director on 10 November 2005
Last re-elected to the Board: 5 May 2009
Experience: Qualified as a chartered accountant in England, and worked for KPMG in Hong Kong. In 1989 he joined the Suez Group's Asian private equity division, becoming a Managing Director in 2002. He has been resident in Asia since 1984 and a Singapore resident since 1996. Over the past 20+ years he has been involved in numerous Asian private equity transactions covering a variety of industries and countries. He also holds several directorships of private equity-backed companies and is a director of Cubit Long/Short Commodity Fund.
Committee membership: Audit Committee (Chairman), Management Engagement Committee and Nomination Committee
Remuneration: £24,000 per annum
All other public company directorships: Cubit Long/Short Commodity Fund
Employment by the Manager or AAM Asia: None
Other connections with Company or manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 55,000 Ordinary shares

Duncan Baxter

Status: Senior Independent Non-Executive Director
Age: 60
Length of service: 6 years, appointed a Director on 10 November 2005
Last re-elected to the Board: 12 May 2011
Experience: A senior banker with 25 years' experience of international banking, latterly as managing director of Swiss Bank Corporation in Jersey. He is a Jersey resident and is currently chairman of AIM-listed Highland Gold Mining Limited and he also holds several non-executive directorships, including Alternative Investment Strategies Limited.
Committee membership: Audit Committee, Management Engagement Committee and Nomination Committee
Remuneration: £22,000 per annum
All other public company directorships: Highland Gold Mining Limited, Alternative Investment Strategies Ltd and Evraz Plc
Employment by the Manager or AAM Asia: None
Other connections with Company or manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 25,000 Ordinary shares

Martyn Chambers

Status: Independent Non-Executive Director and Nomination Committee Chairman
Age: 72
Length of service: 6 years, appointed a Director on 10 November 2005
Last re-elected to the Board: 13 May 2009
Experience: Retired as managing director of Hill Samuel Jersey Limited and as a director of Hill Samuel, London, in 1996. From 1993 to 1995 he was chief executive of TSB Bank (Channel Islands) Limited. He is a Jersey resident.
Committee membership: Audit Committee, Management Engagement Committee and Chairman of Nomination Committee
Remuneration: £21,000 per annum
All other public company directorships: None
Employment by the Manager or AAM Asia: None
Other connections with Company or manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 5,500 Ordinary shares

Ana Cukic Armstrong

Status: Independent Non-Executive Director
Age: 39
Length of service: 6 years, appointed a Director on 11 November 2005
Last re-elected to the Board: 13 May 2010
Experience: Is joint managing partner and heads portfolio strategy and construction at Armstrong Investment Managers. Previously co-head of Insight Investment's Multi-Asset group from November 2003 to April 2009 having previously worked at UBS Wealth Management as Director & Head of Portfolio Construction and Fischer Francis as a fixed income and futures trader. Ana holds a PhD in Quantitative Economics and an MBA in Finance from Imperial College, London.
Committee membership: Audit Committee, Management Engagement Committee and Nomination Committee
Remuneration: £21,000 per annum
All other public company directorships: None
Employment by the Manager or AAM Asia: None
Other connections with Company or manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 4,034 Ordinary shares

Hugh Young

Status: Non-Executive Director
Age: 54
Length of service: 6 years, appointed a Director on 11 November 2005
Last re-elected to the Board: 12 May 2011
Experience: Is a resident of Singapore and was an investment manager with Fidelity International and MGM Assurance prior to joining what is now Aberdeen Asset Managers Limited in December 1985. He is a director of Aberdeen Asset Management PLC and Managing Director of Aberdeen Asset Management Asia Limited and responsible for all the Aberdeen Group's investments in Asia.
Committee membership: Nomination Committee
Remuneration: £21,000 per annum
All other public company directorships: Aberdeen Asset Management PLC, Aberdeen New Dawn Investment Trust PLC, Aberdeen New Thai Investment Trust PLC, Aberdeen Australia Equity Fund Inc., Aberdeen Asia-Pacific Income Investment Company Limited, Aberdeen Asian Smaller Companies Investment Trust PLC (Alternate) and The India Fund Inc.
Employment by the Manager or AAM Asia: None, other than as stated above
Other connections with Company or manager: None
Shared Directorships with any other Trust Directors: None
Shareholding in Company: 27,500 Ordinary shares

Directors' Report

The Directors present their Report and the audited financial statements for the year ended 31 December 2011.

Business Review

A review of the Company's activities is given in the Corporate Summary on pages 2 to 5, the Chairman's Statement on pages 6 and 7 and the Manager's Review on pages 8 and 9. This includes a review of the business of the Company and its principal activities, likely future developments of the business, dividends declared and details of the issue of shares during the year by the Company. The principal risks associated with the Company are detailed in the Corporate Summary on page 4 and in note 16 to the financial statements. The Key Performance Indicators for the Company including NAV performance, share price performance and the performance of the MSCI AC Asia Pacific (ex Japan) Index are detailed on page 10.

The current Directors, Messrs P Arthur, D Baxter, A Berzins, M Chambers, H Young and Dr A Cukic Armstrong were the only Directors in office during the year.

The Company does not make political donations or expenditures and has not made any donations for charitable purposes during the year and in common with most investment trusts, the Company has no employees. Directors' & Officers' liability insurance cover has been maintained throughout the year at the expense of the Company.

Results and Dividends

Details of the Company's results and dividends are shown on page 10 and in note 8 to the Financial Statements. Interim dividends were paid on a quarterly basis in May, August, November and February 2012. The Board believes that it is preferable for shareholders to receive regular interim dividend payments on a quarterly basis and accordingly no final dividend is declared and shareholders are not required to wait until approval is given at the AGM for any payments. Dividends are paid to the extent that they are covered by the income received from the Company's underlying investments. As at 31 December 2011 the Company's revenue reserves (adjusted for the payment of the fourth interim dividend) amounted to £5.03m (approximately 3.5p per share).

Principal Activity

The business of the Company is that of an investment company investing in the Asia Pacific region. The objective of the Company is set out on page 2 of this Report.

Status

The Company is registered with limited liability in Jersey as a closed-end investment company under the Companies (Jersey) Law 1991 with registered number 91671. In addition, the Company constitutes and is regulated as a collective investment fund under the Collective Investment Funds (Jersey) Law 1988. The Ordinary shares are admitted to the Official List in the premium segment and are traded on the London Stock Exchange's Main Market.

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

The Company intends to manage its affairs so as to be a qualifying investment for inclusion in the stocks and shares component of an Individual Savings Account ('ISA') and it is the Directors' intention that the Company should continue to be a qualifying trust.

Share Capital

As at 31 December 2011 there were 139,083,871 Ordinary shares and 6,155,130 Warrants in issue. During the year the Company issued a total of 6.25 million new Ordinary shares for cash at a premium to the prevailing NAV at the time of issue. Subsequent to the year end a further 4.2 million new Ordinary shares were issued for cash. In May and October warrantholders elected to convert a total of 14,798,809 Warrants to new Ordinary shares of no par value at 120p per Warrant. This figure also includes Aberdeen Asset Management's entire holding of Warrants which were exercised in May having been originally acquired at the launch of the Company.

Directors

Details of the current Directors of the Company are shown on pages 18 and 19.

In accordance with the Articles of Association Messrs Berzins, Chambers and Young will retire by rotation at the Annual General Meeting, and, with the exception of Mr Chambers, being eligible, offer themselves for re-election. Mr Chambers has decided to retire at the AGM and not seek re-election. The Board considers that there is a balance of skills and experience within the Board relevant to the leadership and direction of the Company and that all Directors contribute effectively. Mr H Young is managing director of AAM Asia and, therefore, is not an independent Director for the purposes of the Listing Rules. Accordingly, he is subject to annual re-election by shareholders as required by the Listing Rules.

The Directors and their beneficial interests in the share capital of the Company as at 31 December 2011 were as follows:

	31 December 2011 Ordinary shares	Warrants	1 January 2011 Ordinary shares	Warrants
P Arthur	31,835	2,500	29,461	2,500
D Baxter	25,000	-	25,000	-
A Berzins	55,000	-	55,000	-
M Chambers	5,500	-	5,500	-
A Cukic Armstrong	4,034	-	4,034	-
H Young	27,500	-	27,500	-

Subsequent to the year end, Mr P Arthur's beneficial holding increased to 32,414 Ordinary shares following purchases of 171 Ordinary shares, 85 Ordinary shares, 165 Ordinary shares and 158 Ordinary shares on 23 January 2012, 20 and 22 February 2012 and 22 March 2012 respectively. The other Directors' share interests were unchanged at 27 March 2012, being the nearest practicable date prior to the signing of this Report.

No Director has a service contract with the Company.

The Directors' interests in contractual arrangements with the Company are as shown in note 18 to the financial statements. No other Directors were interested in contracts with the Company.

Directors' Authority to Allot Relevant Securities

There are no provisions under Jersey law which confer rights of pre-emption upon the issue or sale of any class of shares in the Company. However, the Company is listed on the London Stock Exchange with a premium listing, and is required to offer pre-emption rights to its shareholders and the Articles of Association were amended in 2010 to reflect this. Ordinary shares will only be issued at a premium to the prevailing net asset value per Ordinary share and, therefore, will not be disadvantageous to existing shareholders or warrantholders. Any future issues of Ordinary shares will be carried out in accordance with the Listing Rules.

During the year 6.25 million new Ordinary shares were issued for cash. Subsequent to the year end a total of 4.2 million new Ordinary shares have been issued for cash.

Unless previously disapplied by special resolution, in accordance with the Listing Rules, the Company is now required to first offer any new shares or securities (or rights to subscribe for, or to convert or exchange into, shares) proposed to be issued for cash to shareholders in proportion to their holdings in the Company. In order to continue with such share issues, your Board is therefore also proposing that an annual disapplication of the pre-emption rights is given to the Directors so that they may continue to issue shares as and when appropriate. Accordingly, Resolution 10, a Special Resolution, proposes a disapplication of the new pre-emption rights in respect of 10% of the shares in issue, set to expire on the earlier of eighteen months from the date of the resolution or at the conclusion of the Annual General Meeting to be held in 2013.

The Directors are seeking to amend Article 7.1 of the Company's Articles of Association to allow for the NAV used in the calculation of the premium per share when new shares are issued for cash to be based upon the estimated NAV per share on the date of the issue of new shares rather than the previous day's closing NAV and Resolution 11 will be proposed as a special resolution to effect this change. This change will allow the price at which shares are issued to reflect intra day movements in the value of the Company's assets.

Purchase of the Company's Securities

The Directors operate an active discount management policy through the use of share buy backs, the objective being to maintain the price at which the Ordinary shares trade relative to their underlying net asset value at a discount of no more than 5 per cent. Purchases of Ordinary shares will only be made through the market for cash at prices below the prevailing net asset value per Ordinary share (which, subject to shareholder approval at the AGM will be the latest estimated net asset value per Ordinary share) where the Directors believe such purchases will enhance shareholder value and are likely to assist in narrowing any discount to net asset value at which the Ordinary shares may trade.

Purchases of Warrants will only be made through the market for cash if the net asset value per Ordinary share is greater than 120p (being the price payable on the exercise of a Warrant) and at prices below the prevailing net asset value attributable to a Warrant (as last calculated) where the Directors believe such purchases will enhance shareholder value. Accordingly, Resolution 9, a Special Resolution, will be proposed to renew the Directors' authority to make market purchases of the Company's Warrants in accordance with the provisions the Listing Rules of the Financial Services Authority.

Resolution 7, a Special Resolution, will be proposed to renew the Directors' authority to make market purchases of the Company's shares in accordance with the provisions of the Listing Rules of the Financial Services Authority. Accordingly, the Company will seek authority to purchase up to a maximum of 21,478,252 Ordinary shares (representing 14.99 per cent. of the current issued share capital). The authority being sought shall expire at the conclusion of the Annual General Meeting in 2013 unless such authority is renewed prior to such time. Any Ordinary shares purchased in this way will be cancelled and the number of Ordinary shares will be reduced accordingly, or the shares will be held in treasury, in accordance with Resolution 8. During the year and subsequent to the period end no Ordinary shares have been purchased in the market for cancellation or treasury.

Following changes made to Jersey company law in 2008, Jersey companies can now either cancel shares or hold them in treasury following a buy-back of shares. These powers will give Directors additional flexibility going forward and the Board considers that it will be in the interest of the Company that such powers be available, including the powers to hold treasury shares. Such powers will only be implemented when, in the view the Directors, to do so will be for the benefit of all shareholders. Any future sales of shares from treasury will only be undertaken at a premium to the prevailing net asset value per Ordinary shares.

Recommendation

Your Board considers Resolutions 7, 8, 9, 10 and 11 to be in the best interests of the Company and its members as a whole. Accordingly, your Board recommends that shareholders should vote in favour of Resolutions 7, 8, 9, 10 and 11 to be proposed at the Annual General Meeting, as they intend to do in respect of their own beneficial shareholdings which amount to 149,448 Ordinary shares.

Substantial Interests

The Board has been advised that the following shareholders owned 3% or more of the issued share capital of the Company at 31 December 2011:

Shareholder	Number of shares held	% held
Speirs & Jeffrey	13,715,548	9.9
Brewin Dolphin Stockbrokers	10,483,033	7.5
Quilter	8,554,306	6.6
Charles Stanley	8,241,765	6.1
Adam & Co. Investment Management	6,710,297	4.8
Rathbones	5,557,091	4.1
Investec Wealth & Management	5,036,689	3.6
Legal & General Investment Management	4,725,358	3.4

The Company has not been advised of any significant changes to the above information at the date of this report.

Creditor Payment Policy

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the relevant markets in which it operates. All other expenses are paid on a timely basis in the ordinary course of business.

The Directors do not consider any creditors to represent trade creditors.

Corporate Governance

The Statement of Corporate Governance forms part of this Directors' Report and covers the Company's compliance with the UK Corporate Governance Code and is shown on pages 24 to 27.

Going Concern

In accordance with the Financial Reporting Council's guidance on Going Concern and Liquidity Risk issued in October 2009 the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Company's assets consist of a diverse portfolio of listed equity shares which in most circumstances are realisable within a very short timescale.

On 20 March 2012 the Company renewed its senior secured multi currency revolving facility agreement with Scotiabank Europe PLC (the "New Facility") for the 24 month period to 20 March 2014. Accordingly, the Company has considerable financial resources and as a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors are mindful of the principal risks and uncertainties disclosed on page 4 and have reviewed forecasts detailing revenue and liabilities and the Directors believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future and at least 12 months from the date of this Annual Report. Accordingly, the Directors continue to adopt the going concern basis in preparing these accounts.

Accountability and Audit

The respective responsibilities of the Directors and the Auditors in connection with the financial statements are set out on pages 28 and 30.

Each Director confirms that, so far as he or she is aware, there is no relevant audit information of which the Company's auditors are unaware, and he or she has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. Additionally there are no important events since the year end other than as disclosed in the notes to the financial statements.

Independent Auditors

Our auditors, Ernst & Young LLP, have indicated their willingness to remain in office. The Directors will place a Resolution before the Annual General Meeting to re-appoint them as independent auditors for the ensuing year, and to authorise the Directors to determine their remuneration.

By order of the Board
Aberdeen Private Wealth Management Limited
Secretary

No.1 Seaton Place,
St Helier, Jersey JE4 8YL
27 March 2012

Statement of Corporate Governance

The Company is committed to a high standard of corporate governance.

The UK Listing Authority requires all listed companies to describe how they have complied with the principles of the UK Corporate Governance Code published in May 2010 (the "Governance Code"), which is available on the Financial Reporting Council's website: www.frc.org.uk. The Governance Code covers in particular the annual re-appointment of Directors, Board diversity (including gender), external evaluation, the Board's responsibilities in relation to risk, and a clear explanation of business model and strategy.

The Association of Investment Companies ("AIC") has also published a Code of Corporate Governance ("AIC Code") and a Corporate Governance Guide for Investment Companies ("AIC Guide") which are available on the AIC's website: www.theaic.co.uk. The AIC Code, as explained by the AIC Guide, addresses all of the principles set out in Section 1 of the Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts.

Application of the AIC Code

The Board is accountable to the Company's shareholders for good governance and this statement describes how the principles identified in the AIC Code have been applied by the Company. Save for the exception noted below, the Company has complied with the provisions set out in the AIC Code and the relevant provisions of the Governance Code throughout the year ended 31 December 2011.

The Governance Code includes provisions relating to:
- the role of the chief executive;
- executive directors' remuneration; and,
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and in the preamble to the Governance Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company with no employees. The Company has therefore not reported further in respect of these provisions.

The Board

The Board currently consists of a non-executive Chairman and five other non-executive Directors. All Directors, with the exception of Mr H Young are considered by the Board to be independent of the Investment Manager and free of any material relationship with the Investment Manager. Mr H Young is a Director of the Investment Manager and as such is not independent and therefore he submits himself for annual re-election as a Director. Each Director has the requisite high level and range of business and financial experience which enables the Board to provide clear and effective leadership and proper stewardship of the Company. The Board considers that the post of chief executive officer is not relevant for an investment trust company as this role has effectively been delegated to the Manager, under the terms of the Management Agreement. Mr Baxter has been appointed Senior Independent Director.

The Board takes the view that independence is not compromised by length of tenure on the Board and that experience can add significantly to the Board's strength. The Board will continue to assess the independence of each Board member annually and it is possible that, in the future, Directors who have served more than 9 years may still be viewed as independent albeit subject to annual re-election by shareholders. The Board is entirely satisfied that, with the exception of Mr H Young, each Director is independent of the Company.

During the year ended 31 December 2011 the Board met quarterly and there were five further meetings. In addition, the Audit Committee met twice, the Management Engagement and Nominations Committees each met once and there were three other Board Committee meetings. Between meetings the Board maintains regular contact with the Manager.

Directors have attended Board and Audit Committee meetings during the year ended 31 December 2011 as follows (with their eligibility to attend the relevant meeting in brackets – in order to be eligible for a meeting a Director must be situated outside of the United Kingdom):

	Board	Other Board	Audit	Other
P Arthur*	4 (4)	1 (1)	0 (0)	2 (2)
D Baxter	4 (4)	5 (5)	2 (2)	4 (5)
A Berzins	4 (4)	3 (5)	2 (2)	3 (5)
M Chambers	4 (4)	5 (5)	2 (2)	5 (5)
A Cukic Armstrong	2 (2)	0 (0)	1 (1)	2 (2)
H Young**	3 (3)	3 (5)	0 (0)	1 (5)

* Mr Arthur is not a member of the Audit Committee

**Mr H Young is not a member of the Audit or Management Engagement Committees.

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

The Board has put in place necessary procedures to conduct, on an annual basis, an appraisal of the Chairman of the Board, Directors' self evaluation and a performance evaluation of the Board as a whole. This is usually undertaken using detailed questionnaires followed by one-on-one discussions. However, during the year under review the Board undertook a formal evaluation which was conducted by Trust Associates, the conclusions of the evaluation were positive and useful. The Board has also reviewed the Chairman's and Directors' other commitments and is satisfied that the Chairman and other Directors are capable of devoting sufficient time to the Company.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access which every Director has to the advice and services of the Company Secretary, Aberdeen Private Wealth Management Limited, which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Board Committees

Audit Committee

The Audit Committee operates within clearly defined terms of reference and comprises four independent Directors, Mr A Berzins (Chairman with recent and relevant experience), Mr D Baxter, Mr M Chambers and Dr A Cukic Armstrong. The Governance Code and the AIC Code acknowledge that some of the standard Governance Code provisions may not be specifically appropriate to investment companies and in this regard the Board believes that it is appropriate for all the independent Directors (excluding the Chairman, in line with best practice) to constitute the Audit Committee. In summary the Audit Committee's main functions are:

- to review and monitor the internal control systems and risk management systems on which the Company is reliant;
- to consider annually whether there is a need for the Company to have its own internal audit function;
- to monitor the integrity of the interim and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Investment Manager and Administrator;
- to meet with the external auditor to review their proposed audit programme of work and the findings of the auditors. The Committee uses this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the external auditor to supply non-audit services. (During the period under review, fees amounting to £5,000 were paid to the auditors in respect of non audit services – the Board will review any future fees in the light of the requirement to maintain the auditor's independence);
- to review an annual statement from the Manager detailing the arrangements in place within AAM whereby AAM staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters;
- to make recommendations in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor; and,
- to monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification.

Management Engagement Committee

The Board has appointed a Management Engagement Committee which comprises five independent Directors, Mr P Arthur (Chairman), Mr A Berzins, Mr D Baxter, Mr M Chambers and Dr A Cukic Armstrong. The Committee reviews the performance of the Investment Manager and the investment management and secretarial agreement and compliance with its terms. The terms and conditions of the Investment Manager's appointment, including an evaluation of performance and fees, are reviewed by the Committee at least once a year. The Board remains satisfied that the continuing appointment of the Investment Manager on the terms agreed is in the interests of shareholders as a whole. The key factors taken into account in reaching this decision are the investment skills, experience and commitment of the Investment Manager. The Investment Management Agreement is terminable on not less than six months' notice.

Nomination Committee

Appointments to the Board of Directors are considered by the Nominations Committee which comprises the entire Board and whose Chairman is Mr M Chambers. Possible new Directors are identified against the requirements of the Company's business and the need to have a balanced Board. Every Director is entitled to receive appropriate training as deemed necessary. A Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek election by shareholders at the next Annual General Meeting. The Articles of Association require that one third of the Directors retire by rotation at each Annual General Meeting.

As part of the plans for succession and in order to replace Mr Chambers who will be retiring at the AGM in May 2012, during the year the Nomination Committee initiated a search for an additional offshore Director using the services of an external recruitment consultant. The Committee identified a specification for the new Director, including the requisite skills and experience that would complement the existing Directors and having due regard for the benefits of gender diversity on the Board, and the vacancy was advertised in the Jersey press. The Committee met with and considered several high quality candidates and identified Mr Charles Clarke as the preferred candidate due to his relevant experience and expertise. Mr Clarke will be appointed to the Board with effect from 29 March 2012.

Remuneration Committee

Under the UK Listing Authority's Listing Rules, where an investment trust has only non-executive directors, the Code principles relating to directors' remuneration do not apply.

The full Board acts as the Remuneration Committee whose Chairman is the Chairman of the Company.

The remuneration of the Directors has been set in order to attract individuals of a calibre appropriate to the future development of the Company. The Company's policy on Directors' remuneration, together with details of the remuneration of each Director, is detailed in the Directors' Remuneration Report on page 29.

Internal Control

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. Following publication of the Financial Reporting Council's "Internal Control: Revised Guidance for Directors on the Combined Code" (the FRC Guidance) in October 2005, the Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company. This process has been in place for the period under review and up to the date of approval of this Annual Report and Accounts, and is regularly reviewed by the Board and accords with the guidance. The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the Company and policies by which these risks are managed. The significant risks faced by the Company are as follows:

- financial;
- operational; and
- compliance.

The key components designed to provide effective internal control are outlined below:

- the Investment Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance;
- the Board and Investment Manager have agreed clearly defined investment criteria, specified levels of authority and exposure limits; reports on these issues, including performance statistics and investment valuations, are regularly submitted to the Board and there are meetings with the Investment Manager as appropriate;
- as a matter of course the Investment Manager's compliance department continually reviews the Investment Manager's operations;
- written agreements are in place which specifically define the roles and responsibilities of the Investment Manager and other third party service providers;
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place at the Investment Manager, has decided to place reliance on the Investment Manager's systems and internal audit procedures; and
- at its 15 March 2012 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 December 2011 by considering documentation from the Investment Manager, including its internal audit and compliance functions and taking account of events since 31 December 2011. The results of the assessment were then reported to the Board at the next Board meeting.

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

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Annual Report and Accounts are widely distributed to other parties who have an interest in the Company's performance. Shareholders and investors may obtain up to date information on the Company through the Investment Manager's freephone information service and the Company's website (www.asian-income.co.uk).

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

Proxy Voting and Stewardship

The Financial Reporting Council (FRC) published "the UK Stewardship Code" for Institutional shareholders on 2 July 2010. The purpose of the Code is to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities.

The FRC is encouraging institutional investors to make a statement of their commitment to the Code.

The Board has delegated responsibility for actively monitoring the activities of investee companies to the Manager. The Manager is responsible for reviewing, on a regular basis, the annual reports, circulars and other publications produced by the investee company, and for attending company meetings. The Manager, in the absence of explicit instruction from the Board, is empowered to use discretion in the exercise of the Company's voting rights. The Manager's policy is to vote all shares held by the Company.

The Board has reviewed the Manager's Corporate Governance Principles, which may be found on the

Manager's website, at http://www.aberdeen-asset.com/doc.nsf/Lit/CorporateGovernanceGroupPrinciples.

This sets out the Manager's framework on corporate governance, proxy voting and shareholder engagement in relation to the companies in which the Manager has invested or is considering investing. The Board has also reviewed, and endorses, the Manager's Statement of Compliance with the Code, which appears on the Manager's website, at http://www.aberdeenasset.com/aam.nsf/AboutUs/governancestewardship.

The Board receives from the Manager regular reports on the exercise by the Manager of the Company's voting rights.

Environmental, Social and Corporate Governance Policy

The Directors recognise that their first duty is to act in the best financial interests of the Company's shareholders and to achieve good financial returns against acceptable levels of risk, in accordance with the objectives of the Company. In asking the Manager to deliver against these objectives, they believe that companies failing to take into account broader social, ethical and environmental issues are unlikely to have long term sustainable businesses. Therefore they ask the Manager to take into account these factors when assessing investment opportunities. Aberdeen aims to take a full part in dialogue on corporate governance reforms and is a member of various international and regional bodies, including the International Corporate Governance Network as well as being a signatory to the United Nations Principles for Responsible Investing (UNPRI). Through these groups and independently, the Manager communicates its views on corporate governance best practice to regulators and policy-makers across the world.

By order of the Board

Aberdeen Private Wealth Management Limited
Secretary

No.1 Seaton Place,
St Helier,
Jersey, JE4 8YJ
27 March 2012

Statement of Directors' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and,
- specify which generally accepted accounting principles have been adopted in their preparation.

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

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Annual 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 the Company faces.

For Aberdeen Asian Income Fund Limited

P A K Arthur
Chairman
27 March 2012

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

Directors' Remuneration Report

As the Board of Directors is comprised solely of non-executive Directors, it is exempt under the Listing Rules from appointing a Remuneration Committee. The full Board acts as the Remuneration Committee whose Chairman is the Chairman of the Company.

Remuneration Policy

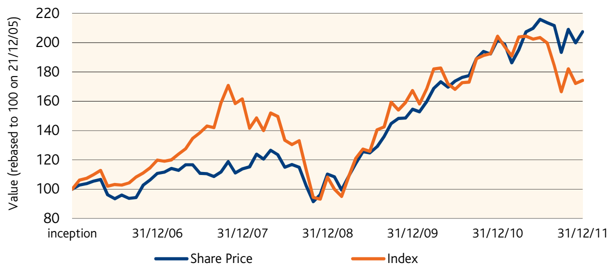
The limit on aggregate fees payable by the Company to the Directors under Article 84 was increased at the 2011 AGM to £200,000. Subject to this overall limit, it is the Company's policy to determine the level of Directors' fees having regard to the level of fees payable to non-executive directors in the industry generally, the role that individual Directors fulfil in respect of Board and Committee responsibilities and the time committed to the Company's affairs. The Board has carried out a review of the level of Directors' fees and has concluded that for 2012, the level of Directors' fees should remain unchanged at £30,000, £24,000 and £21,000 for the Chairman, Audit Committee Chairman and remaining Directors respectively with a further £1,000 per annum payable to the Senior Independent Director. No element of the Directors' remuneration is performance related. A resolution to receive and adopt the Directors' Remuneration Report will be proposed at the Annual General Meeting.

None of the Directors has a service contract with the Company. Each of the Directors has entered into a letter of appointment with the Company (subject to election at the first Annual General Meeting and re-election at subsequent Annual General Meetings in accordance with the Articles of Association) terminable on three months' notice. The Directors' interests in contractual arrangements with the Company are shown in note 18 to the financial statements. No other Directors were interested in contracts with the Company during the period, or subsequently. Directors' & Officers' liability insurance cover is maintained by the Company and is neither a benefit in kind nor does it form part of the Directors' remuneration. The Company's Articles indemnify each Secretary, agent and servant of the Company out of the assets of the Company in relation to charges, losses, liabilities, damages and expenses incurred in the course of the discharge of their duties provided that such indemnity is not available in circumstances where there is fraud, wilful misconduct or negligence. Directors (and every present or former officer of the Company) shall be indemnified out of the assets of the Company in so far as the law allows.

No Director past or present has any entitlement to pensions, and the Company has not awarded any share options or long-term performance incentives to any of the Directors.

Company Performance

The following graph illustrates the total shareholder return for a holding in the Company's shares as compared to the MSCI AC Asia Pacific ex Japan currency adjusted Index for the five years to 31 December 2011. Given the Company's investment objective this is the most appropriate index against which to measure the Company's performance. Shareholders should note that the Company's portfolio is constructed without reference to any stockmarket index. It is likely, therefore, that there will be periods when the Company's performance will be quite unlike that of any index or benchmark and there can be no assurance that such divergence will be to the Company's advantage.



Directors' Emoluments

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

Director	2011 £	2010 £
P Arthur (Chairman and highest paid Director)	30,000	25,000
A Berzins	24,000	20,000
D Baxter	22,000	17,500
M Chambers	21,000	17,500
A Cukic Armstrong	21,000	17,500
H Young	21,000	17,500
Total	**139,000**	**115,000**

The amounts paid by the Company to the Directors were for services as non-executive Directors.

Sums Paid to Third Parties

Of the fees disclosed above £21,000 (2010 - £17,500) was payable to third parties in respect of making available the services of Directors. These fees were in respect of Mr H Young and were assigned to Aberdeen Asset Management Asia Limited.

By order of the Board

Aberdeen Private Wealth Management Limited
Secretary
27 March 2012

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

We have audited the financial statements of Aberdeen Asian Income Fund Limited for the year ended 31 December 2011 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 28, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- proper accounting records have not been kept, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

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

Christopher James Matthews, FCA
for and on behalf of Ernst & Young LLP
Jersey, Channel Islands
27 March 2012

The financial statements are published on websites maintained by the Company. The maintenance and integrity of these websites is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Comprehensive Income

	Notes	Year ended 31 December 2011 Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2010 Revenue £'000	Capital £'000	Total £'000
Investment income	4						
Dividend income		10,887	52	10,939	9,280	13	9,293
Interest income		991	–	991	1,005	–	1,005
Total revenue		11,878	52	11,930	10,285	13	10,298
(Losses)/gains on financial assets at fair value through profit or loss	10	–	(3,891)	(3,891)	–	42,609	42,609
Net currency losses	14	–	(48)	(48)	–	(532)	(532)
		11,878	(3,887)	7,991	10,285	42,090	52,375
Expenses							
Investment management fee	5	(859)	(1,288)	(2,147)	(677)	(1,016)	(1,693)
Other operating expenses	6	(841)	(4)	(845)	(748)	(39)	(787)
Profit before finance costs and tax		10,178	(5,179)	4,999	8,860	41,035	49,895
Finance costs	7	(75)	(112)	(187)	(94)	(142)	(236)
Profit before tax		10,103	(5,291)	4,812	8,766	40,893	49,659
Tax expense		(459)	–	(459)	(509)	–	(509)
Profit/(loss) for the year attributable to equity shareholders		**9,644**	**(5,291)**	**4,353**	**8,257**	**40,893**	**49,150**
Earnings per Ordinary share (pence):	9						
Basic		**7.44**	**(4.08)**	**3.36**	**7.31**	**36.21**	**43.52**
Diluted		**7.26**	**(3.98)**	**3.28**	**7.03**	**34.84**	**41.87**

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

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

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

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

Balance Sheet

	Notes	As at 31 December 2011 £'000	As at 31 December 2010 £'000
Non-current assets			
Investments designated at fair value through profit or loss	10	236,609	216,933
Current assets			
Cash and cash equivalents		5,930	1,380
Other receivables	11	738	1,198
		6,668	2,578
Current liabilities			
Bank loans	12	(11,000)	(10,913)
Other payables	12	(331)	(444)
		(11,331)	(11,357)
Net current liabilities		(4,663)	(8,779)
Net assets		**231,946**	**208,154**
Stated capital and reserves			
Stated capital	13	139,084	118,035
Warrant reserve		615	2,095
Capital redemption reserve		1,560	1,560
Capital reserve	14	82,523	79,427
Revenue reserve	14	8,164	7,037
Equity shareholders' funds		**231,946**	**208,154**
Net asset value per Ordinary share (pence):	15		
Basic		**166.77**	**176.35**
Diluted		**164.78**	**167.85**

The financial statements on pages 31 to 53 were approved by the Board of Directors and authorised for issue on 27 March 2012 and were signed on its behalf by :

Peter Arthur
Chairman

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

Statement of Changes in Equity

For the year ended 31 December 2011

	Stated capital £'000	Warrant reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Retained earnings £'000	Total £'000
Opening balance	118,035	2,095	1,560	79,427	7,037	–	208,154
Issue of own shares	6,250	–	–	3,947	–	–	10,197
Exercise of warrants	14,799	(1,480)	–	4,440	–	–	17,759
Profit for the year	–	–	–	–	–	4,353	4,353
Transferred from retained earnings to capital reserve[A]	–	–	–	(5,291)	–	5,291	–
Transferred from retained earnings to revenue reserve	–	–	–	–	9,644	(9,644)	–
Dividends paid	–	–	–	–	(8,517)	–	(8,517)
Balance at 31 December 2011	**139,084**	**615**	**1,560**	**82,523**	**8,164**	**–**	**231,946**

For the year ended 31 December 2010

	Stated capital £'000	Warrant reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Retained earnings £'000	Total £'000
Opening balance	109,790	2,200	1,560	34,528	6,320	–	154,398
Issue of own shares	7,199	–	–	3,692	–	–	10,891
Exercise of warrants	1,046	(105)	–	314	–	–	1,255
Profit for the year	–	–	–	–	–	49,150	49,150
Transferred from retained earnings to capital reserve[A]	–	–	–	40,893	–	(40,893)	–
Transferred from retained earnings to revenue reserve	–	–	–	–	8,257	(8,257)	–
Dividends paid	–	–	–	–	(7,540)	–	(7,540)
Balance at 31 December 2010	**118,035**	**2,095**	**1,560**	**79,427**	**7,037**	**–**	**208,154**

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

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

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

Cash Flow Statement

	Notes	Year ended 31 December 2011 £'000	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000	Year ended 31 December 2010 £'000
Profit for the year			4,353		49,150
Add back finance costs	7		187		236
Add back taxation paid			459		509
Losses/(gains) on investments held at fair value through profit or loss	10		3,891		(42,609)
Net currency losses	14		48		532
Decrease/(increase) in other receivables			460		(537)
(Decrease)/increase in other payables			(113)		200
Net cash inflow from operating activities before finance costs and tax[A]			9,285		7,481
Bank and loan interest paid			(188)		(276)
Overseas taxation paid			(459)		(509)
Net cash inflow from operating activities			8,638		6,696
Investing activities					
Purchases of investments		(48,529)		(35,366)	
Sales of investments		24,962		21,455	
Net cash outflow from investing activities			(23,567)		(13,911)
Financing activities					
Issue of own shares	13	10,197		10,891	
Exercise of warrants	13	17,759		1,255	
Dividends paid	8	(8,517)		(7,540)	
Loans drawn down		–		42	
Net cash inflow from financing activities			19,439		4,648
Net increase/(decrease) in cash and cash equivalent			4,510		(2,567)
Cash and cash equivalents of the start of the year			1,380		4,165
Effect of foreign exchange rate changes			40		(218)
Cash and cash equivalents at the end of the year	2,16		**5,930**		**1,380**

[A]Includes income from dividends of £11,230,000 gross (2010 – £8,807,000 gross) and interest income of £990,000 (2010 – £969,000).

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

Notes to the Financial Statements For the year ended 31 December 2011

1. Principal activity

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

2. Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Reporting Interpretations Committee of the IASB (IFRIC).

(a) Basis of preparation

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

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2011.

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

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

Changes in accounting policy and disclosures

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- Amendments to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters (effective for annual periods beginning on or after 1 July 2011).
- Amendments to IFRS 7 – Financial Instruments: Transfers of Financial Assets Disclosures (effective for annual periods beginning on or after 1 July 2011).
- IFRS 9 – Financial Instruments: Classification and Measurement (effective for annual periods beginning on or after 1 January 2015).
- IFRS 10 – Consolidated Financial Statements (early adoption permitted) (effective for annual periods beginning on or after 1 January 2013).
- IFRS 11 – Joint Arrangements (early adoption permitted) (effective for annual periods beginning on or after 1 January 2013).
- IFRS 12 – Disclosure of Interests in Other Entities (early adoption permitted) (effective for annual periods beginning on or after 1 January 2013).
- IFRS 13 – Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013).
- Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012)
- Amendments to IAS 12 – Income Taxes – Deferred Tax Amendment (effective for annual periods beginning on or after 1 January 2012).
- Amendments to IAS 19 – Employee Benefits (effective for annual periods on or after 1 January 2013).
- IAS 27 – Separate Financial Statements (early adoption permitted) (effective for annual periods beginning on or after 1 January 2013).
- IAS 28 – Investments in Associates and Joint Ventures (early adoption permitted) (effective 1 January 2013).

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

(b) Income

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

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

Interest receivable from cash and short-term deposits is accrued to the end of the financial period.

(c) Expenses

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

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

(d) Taxation

Profits arising in the Company for the 2011 year of assessment will be subject to tax at the rate of 0% (2010 – 0%).

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

(e) Investments

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

Purchases of investments are recognised on a trade date basis and designated upon initial recognition at fair value through profit or loss. Sales of assets are also recognised on a trade date basis. Proceeds are measured at fair value, which are regarded as the proceeds of sale less any transaction costs.

The fair value of the financial assets is based on their quoted bid price at the reporting date, without deduction for any estimated future selling costs. Unquoted investments would be valued by the Directors using primary valuation techniques such as earnings multiples, recent transactions and net assets.

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

(f) Cash and cash equivalents

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

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

(g) Other receivables and payables

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

(h) Dividends payable

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

(i) Nature and purpose of reserves

Warrant reserve

The Warrant reserve was created on the issue of 22,000,000 Warrants at the launch of the Company. Each Warrant issued entitles the holder to subscribe in cash for one Ordinary share on the terms contained in note 13. The reserve reflects the issue price of unexercised Warrants.

Capital redemption reserve

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

Capital reserve (see note 14 to the financial statements)

This reserve reflects any gains or losses on investments realised in the period along with any increases and decreases in the fair value of investments held that have been recognised in the Statement of Comprehensive Income.

Revenue reserve

This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income. The revenue reserve represents the amount of the Company's reserves distributable by way of dividend.

(j) Foreign currency

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

(k) Borrowings

Monies borrowed to finance the investment objectives of the Company are stated at the amount of the net proceeds immediately after the issue plus cumulative finance costs less cumulative payments made in respect of the debt. The finance cost of such borrowings is allocated to years over the term of the debt at a constant rate on the carrying amount and, as per the Prospectus, are charged 40% to revenue and 60% to capital reserves to reflect the Company's investment policy and prospective income and capital growth.

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

(l) Share capital

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

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

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

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

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

3. Segment information

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

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

	Year ended 31 December 2011 £'000	**Year ended 31 December 2010 £'000**
Asia Pacific region	11,492	10,189
United Kingdom	386	96
	11,878	**10,285**

4. Income

	Year ended 31 December 2011 £'000	**Year ended 31 December 2010 £'000**
Income from investments		
Overseas dividends	10,352	9,192
Franked income	385	88
Stock dividends	150	–
	10,887	9,280

	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Interest income		
Bond interest	990	996
Deposit interest	1	9
	991	1,005
Total income	**11,878**	**10,285**

5. **Investment management fee**	Year ended 31 December 2011 Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2010 Revenue £'000	Capital £'000	Total £'000
Investment management fee	**859**	**1,288**	**2,147**	**677**	**1,016**	**1,693**

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

During the year the management fee was payable monthly in arrears and was based on an annual amount of 1% of the net asset value of the Company valued monthly. The balance due to APWM at the year end was £192,000 (2010 – £328,000). The investment management fees are charged 40% to revenue and 60% to capital.

6. **Other operating expenses**	Year ended 31 December 2011 Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2010 Revenue £'000	Capital £'000	Total £'000
Directors' fees	139	–	139	115	–	115
Marketing contribution	154	–	154	122	–	122
Auditors' remuneration:						
• statutory audit	22	–	22	22	–	22
• interim accounts review	5	–	5	5	–	5
Custodian charges	86	–	86	113	–	113
Secretarial and administration fee	118	–	118	112	–	112
Other	317	4	321	259	39	298
	841	**4**	**845**	**748**	**39**	**787**

The Company has an agreement with Aberdeen Asset Managers Limited (AAM) for the provision of marketing services in relation to the Company's participation in the Aberdeen Investment Trust share plan and ISA. The total fees paid are based on an annual rate of £161,000 (2010 – £133,000). There was no sum due to AAM at the year end (2010 – £nil).

In addition, Aberdeen Private Wealth Management Limited (APWM) is entitled to an annual company secretarial and administration fee of £118,000 (2010 – £112,000), which increases annually in line with any increases in RPI. A balance of £30,000 (2010 – £28,000) was payable to APWM at the year end.

7. **Finance costs**	Year ended 31 December 2011 Revenue £'000	Capital £'000	Total £'000	Year ended 31 December 2010 Revenue £'000	Capital £'000	Total £'000
On bank loans and overdrafts	**75**	**112**	**187**	**94**	**142**	**236**

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

8. Dividends on equity shares	Year ended 31 December 2011 £'000	Year ended 31 December 2010 £'000
Amounts recognised as distributions to equity holders in the year:		
Second interim dividend for 2009 – 3.0p per share	–	3,294
Fourth interim dividend for 2010 – 2.25p per share (2009 – n/a)	2,656	–
First interim dividend for 2011 – 1.5p per share (2010 – 1.25p)	1,782	1,387
Second interim dividend for 2011 – 1.5p per share (2010 – 1.25p)	2,010	1,403
Third interim dividend for 2011 – 1.5p per share (2010 – 1.25p)	2,069	1,456
	8,517	**7,540**

The fourth interim dividend for 2011, amounting to £3,138,000 (2010 – fourth interim dividend of £2,656,000), has not been included as a liability in these financial statements as it was announced and paid after 31 December 2011.

The table below sets out the total dividends paid in respect of the financial year. The revenue available for distribution by way of dividend for the year is £9,644,000 (2010 – £8,257,000).

	2011 £'000	2010 £'000
First interim dividend for 2011 – 1.5p per share (2010 – 1.25p)	1,782	1,387
Second interim dividend for 2011 – 1.5p per share (2010 – 1.25p)	2,010	1,403
Third interim dividend for 2011 – 1.5p per share (2010 – 1.25p)	2,069	1,456
Fourth interim dividend for 2011 – 2.25p per share (2010 – 2.25p)	3,138	2,656
	8,999	**6,902**

9. Earnings per share

Basic

The earnings per Ordinary share is based on the net profit after taxation of £4,353,000 (2010 – profit of £49,150,000) and on 129,577,283 (2010 – 112,948,965) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

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

	Year ended 31 December 2011			Year ended 31 December 2010		
	Revenue	Capital	Total	Revenue	Capital	Total
Net profit (£'000)	**9,644**	**(5,291)**	**4,353**	**8,257**	**40,893**	**49,150**
Weighted average number of Ordinary shares in issue			**129,577,283**			**112,948,965**
Return per Ordinary share (pence)	**7.44**	**(4.08)**	**3.36**	**7.31**	**36.21**	**43.52**
Diluted						
Net profit (£'000)	**9,644**	**(5,291)**	**4,353**	**8,257**	**40,893**	**49,150**
Weighted average number of Ordinary shares in issue if Warrants converted			**132,885,550**			**117,382,806**
Return per Ordinary share (pence)	**7.26**	**(3.98)**	**3.28**	**7.03**	**34.84**	**41.87**

The calculation of the diluted earnings per Ordinary shares is based on the average traded share price over the period. The calculations indicate that the exercise of Warrants would result in an increase in the weighted average number of Ordinary shares of 3,308,267 to 132,885,550 Ordinary shares (2010 – increase in the weighted average number of Ordinary shares of 4,433,841 to 117,382,806 Ordinary shares).

10. Investments designated at fair value through profit or loss	**Year ended 31 December 2011 £'000**	**Year ended 31 December 2010 £'000**
Opening valuation	216,933	160,413
Movements in the year:		
Purchases at cost	48,529	35,366
Sales – proceeds	(24,962)	(21,455)
Sales – realised gains	11,679	9,922
(Decrease)/increase in investment holdings fair value	(15,570)	32,687
Closing valuation at 31 December 2011	**236,609**	**216,933**

	Year ended 31 December 2011 £'000	**Year ended 31 December 2010 £'000**
Closing book cost	180,150	144,904
Closing investment holdings fair value gains	56,459	72,029
	236,609	**216,933**

The portfolio valuation	**Year ended 31 December 2011 £'000**	**Year ended 31 December 2010 £'000**
Listed on stock exchanges at market valuation:		
Overseas:		
equities	224,206	205,209
bonds	12,403	11,724
Total	**236,609**	**216,933**

(Losses)/gains on held-at-fair-value investments	**£'000**	**£'000**
Realised gains on sales of investments	11,679	9,922
(Decrease)/increase in investment holdings fair value	(15,570)	32,687
	(3,891)	**42,609**

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

Transaction costs

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

	Year ended 31 December 2011 £'000	**Year ended 31 December 2010 £'000**
Purchases	118	108
Sales	89	39
	207	**147**

11. Debtors: amounts falling due within one year	2011 £'000	2010 £'000
Prepayments and accrued income	738	1,191
Other receivables	–	7
	738	**1,198**

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

12. Creditors: amounts falling due within one year	2011 £'000	2010 £'000
(a) **Bank loans**	**11,000**	**10,913**

At the year end, the Company's secured bank loans of HK$81,842,000 (2010 – HK$81,842,000) and US$6,558,000 (2010 – US$6,558,000) equivalent to £6,780,000 (2010 – £6,724,000) and £4,220,000 (2010 – £4,189,000) respectively were drawn down from the £15,000,000 facility with Scotiabank Europe PLC at fixed interest rates of 1.532% (2010 – 1.501%) and 1.691% (2010 – 1.546%) respectively.

On 20 March 2012 both bank loans were rolled over. At the signing of this report HK$81,842,000 and US$6,558,000 remained drawn down from the £15,000,000 facility with Scotiabank Europe PLC at fixed interest rates of 1.6618% and 1.59355% respectively. Both are repayable on 20 March 2014.

The bank loans outstanding at 31 December 2011 are valued at the middle rates of exchange at the year end, resulting in cumulative foreign exchange loss of £98,000 (2010 – loss of £16,000) against the original book cost of these loans.

(b) Other payables	2011 £'000	2010 £'000
Other payables	**331**	**444**

13. Stated capital	2011 Number	2011 £'000	2010 Number	2010 £'000
Authorised				
Ordinary shares of no par value	Unlimited	Unlimited	Unlimited	Unlimited
Issued and fully paid				
Balance brought forward	118,035,062	118,035	109,790,000	109,790
Shares issued in the year	6,250,000	6,250	7,199,001	7,199
Warrants exercised	14,798,809	14,799	1,046,061	1,046
At 31 December 2011	**139,083,871**	**139,084**	**118,035,062**	**118,035**

During the year 6,250,000 (2010 – 7,199,001) Ordinary shares were issued by the Company at a total consideration received, including transaction costs, of £10,197,000 (2010 – receipt of £10,891,000).

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

During the year 14,798,809 Warrants were exercised into Ordinary shares (2010 – 1,046,061) at a total consideration received of £17,759,000 (2010 – £1,255,000). At 31 December 2011 there were 6,155,130 (2010 – 20,953,939) Warrants in issue. The warrantholders are entitled to subscribe in cash for one Ordinary share at 120p on the subscription date, which is the twentieth business day after the dispatch to Ordinary shareholders of the Company's

Annual Report and Accounts or Half-Yearly report for each year, commencing with the twentieth business day after the dispatch to Ordinary shareholders of the Company's Annual Report and Accounts for the year ending 31 December 2011 and ending on the twentieth business day after the dispatch to Ordinary shareholders of the Company's Annual Report and Accounts for the year ending 31 December 2012.

Following the share issues and warrant exercise 139,083,871 (2010 – 118,035,062) Ordinary shares remain in issue. Further details of the share issues are contained in the Directors' Report on page 20.

Voting rights

In accordance with the Articles of Association of the Company, on a show of hands, every member (or duly appointed proxy) present at a general meeting of the Company has one vote; and, on a poll, every member present in person or by proxy shall have one vote for each Ordinary share held. In ordinary circumstances warrantholders do not have the right to attend or vote at General Meetings of the Company.

Each of the Company's Warrants confers the right to subscribe in cash for one Ordinary share at a price of 120p on the twentieth business day after despatch of the Company's Annual or Half-Yearly Reports each year ending on the twentieth business day after despatch of the Annual Report for the year ending 31 December 2012.

14. Retained earnings

	2011 £'000	2010 £'000
Capital reserve		
At 1 January 2011	79,427	34,528
Loans – movement in unrealised currency gain	(83)	208
Currency gain/(loss)	35	(740)
Movement in unrealised fair value	(15,570)	32,687
Gain on realisation of investments	11,679	9,922
Capital dividend	52	13
Costs charged to capital	(1,404)	(1,197)
Issue of own shares	3,947	3,692
Warrant exercise	4,440	314
At 31 December 2011	**82,523**	**79,427**
Revenue reserve		
At 1 January 2011	7,037	6,320
Revenue	9,644	8,257
Dividends paid	(8,517)	(7,540)
At 31 December 2011	**8,164**	**7,037**

15. Net asset value per share

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

Basic	Net asset value per share 2011 p	Net asset values attributable 2011 £'000	Net asset value per share 2010 p	Net asset values attributable 2010 £'000
Ordinary shares	**166.77**	**231,946**	**176.35**	**208,154**

The basic net asset value per Ordinary share is based on 139,083,871 (2010 – 118,035,062) Ordinary shares, being the number of Ordinary shares in issue at the year end.

Diluted	Net asset value per share 2011 p	Net asset values attributable 2011 £'000	Net asset value per share 2010 p	Net asset values attributable 2010 £'000
Ordinary shares	**164.78**	**239,332**	**167.85**	**233,299**

The calculation of the diluted net asset value per Ordinary share is based on the total number of Ordinary shares in issue at the year end and on the assumption that those Warrants which are not exercised at the year end, amounting to 6,155,130 Warrants as at 31 December 2011 (31 December 2010 – 20,953,939) were exercised on the first day of the financial year at 120p per share, giving a total of 145,239,001 Ordinary shares (2010 – 138,989,001).

16. Financial instruments

The Company's financial instruments comprise securities, other investments, cash balances and bank overdrafts.

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

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

(i) Market risk

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

Interest rate risk

Interest rate movements may affect:

– the fair value of the investments in fixed interest rate securities;

– the level of income receivable on cash deposits;

– interest payable on the Company's variable rate borrowings.

Financial assets

Although the majority of the Company's financial assets comprise equity shares which neither pay interest nor have a stated maturity date, at the year end the Company had a holding in a fixed rate Indonesian Government Bond, in the form of a Currency Loan Note issued by Deutsche Bank, valued at £12,403,000 (2010 – £11,724,000). Bond prices are determined by market perception as to the appropriate level of yields given the economic background. Key determinants include economic growth prospects, inflation, the Government's fiscal position, short-term interest rates and international market comparisons. The Investment Manager takes all these factors into account when making any investment decisions as well as considering the financial standing of the potential investee entity.

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

Financial liabilities

The Company primarily finances its operations through use of equity, retained profits and bank borrowings. On 20 March

2012 the credit facility for £15 million was extended until 20 March 2014 and details of the terms and conditions of the loan are disclosed in note 12. At the year end the Company drawdowns from the facility amounted to HK$81,842,000 (2010 – HK$81,842,000), (equivalent to £6,780,000 at 31 December 2011; 2010 – £6,724,000) at an all–in rate of 1.532% (2010 – 1.501%) per annum and US$6,558,000 (2010 – US$6,558,000), (equivalent to £4,220,000 at 31 December 2011; 2010 – £4,189,000) at an all–in rate of 1.691% (2010 – 1.546%) per annum. Both tranches are secured. Interest is due on both tranches at the maturity date, being 20 March 2012 respectively. The loans are included in creditors falling due within one year.

The Board actively monitors its bank borrowings. A decision on whether to roll over its existing borrowings will be made prior to their maturity dates, taking into account the Company's policy of not having any fixed, long-term borrowings.

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

At 31 December 2011	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000	Non-interest bearing £'000
Assets					
Indonesian Government Bond	5.56	10.00	–	12,403	–
Equities	–	–	–	–	224,206
Cash at bank – Sterling	–	–	4,012	–	–
Cash at bank – Taiwan Dollar	–	–	1,918	–	–
	–	**–**	**5,930**	**12,403**	**224,206**

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000	Non-interest bearing £'000
Liabilities					
Bank loan – Hong Kong Dollars	0.22	1.53	–	(6,780)	–
Bank loan – US Dollars	0.22	1.69	–	(4,220)	–
	–	**–**	**–**	**(11,000)**	**–**

At 31 December 2010	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000	Non-interest bearing £'000
Assets					
Indonesian Government Bond	6.56	10.00	–	11,724	–
Equities	–	–	–	–	205,209
Cash at bank – Sterling	–	–	1,292	–	–
Cash at bank – Philippine Peso	–	–	33	–	–
Cash at bank – Taiwan Dollar	–	–	55	–	–
	–	**–**	**1,380**	**11,724**	**205,209**

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Floating rate £'000	Fixed rate £'000	Non-interest bearing £'000
Liabilities					
Bank loan – Hong Kong Dollars	0.16	1.50	–	(6,724)	–
Bank loan – US Dollars	0.16	1.55	–	(4,189)	–
	–	**–**	**–**	**(10,913)**	**–**

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

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

The non-interest bearing assets represent the equity element of the portfolio.

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

Maturity profile

The following table sets out the carrying amount, by maturity, of the Company's financial instruments that are exposed to interest rate risk at the Balance Sheet date:

At 31 December 2011	Within 1 year £'000	Within 2-3 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Fixed rate					
Bonds	–	–	–	12,403	12,403
Bank loans	(11,000)	–	–	–	(11,000)
	(11,000)	**–**	**–**	**12,403**	**1,403**
Floating rate					
Cash	**5,930**	**–**	**–**	**–**	**5,930**

At 31 December 2010	Within 1 year £'000	Within 2-3 years £'000	Within 4-5 years £'000	More than 5 years £'000	Total £'000
Fixed rate					
Bonds	–	–	–	11,724	11,724
Bank loans	(10,913)	–	–	–	(10,913)
	(10,913)	**–**	**–**	**11,724**	**811**
Floating rate					
Cash	**1,380**	**–**	**–**	**–**	**1,380**

Interest rate sensitivity

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

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

- the net interest income for one year, based on the floating rate financial assets held at the Balance Sheet date; and

- changes in fair value of investments for the year, based on revaluing fixed rate financial assets at the Balance Sheet date.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's:

- profit for the year ended 31 December 2011 would decrease / increase by £73,000 (2010 – decrease / increase by £22,000). This is attributable to the Company's exposure to interest rates on its floating rate cash balances, fixed interest securities and bank loans.

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

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Company's objectives.

Foreign currency risk

A significant proportion of the Company's investment portfolio is invested in overseas securities and the Balance Sheet can be significantly affected by movements in foreign exchange rates. It is not the Company's policy to hedge this risk on a continuing basis. All of the Company's borrowings, as detailed in note 12, are in foreign currency as at 31 December 2011.

The revenue account is subject to currency fluctuation arising on overseas income. The Company does not hedge this currency risk.

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

	31 December 2011			31 December 2010		
	Equity investments £'000	Net monetary assets £'000	Total currency exposure £'000	Equity investments £'000	Net monetary assets £'000	Total currency exposure £'000
Australian Dollar	45,659	–	45,659	37,458	–	37,458
Hong Kong Dollar	35,675	(6,781)	28,894	22,179	(6,724)	15,455
Indonesian Rupiah	–	–	–	2,473	–	2,473
Japanese Yen	5,637	–	5,637	3,775	–	3,775
Malaysian Ringgit	34,447	–	34,447	36,719	–	36,719
Philippine Peso	–	–	–	4,258	33	4,291
Singapore Dollar	49,566	–	49,566	47,484	–	47,484
Taiwanese Dollar	21,661	1,918	23,579	21,415	54	21,469
Thailand Baht	24,500	–	24,500	21,794	–	21,794
US Dollar	–	8,184	8,184	–	7,536	7,536
Total	**217,145**	**3,321**	**220,466**	**197,555**	**899**	**198,454**

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

Foreign currency sensitivity

The following table details the Company's sensitivity to a 10% increase and decrease in sterling against the major foreign currencies in which the Company has exposure on its monetary items. Monetary items includes the bond holding which is measured at fair value through profit and loss. The sensitivity analysis includes foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

If sterling had weakened against the currencies shown, this would have had the following effect:

	Statement of Comprehensive Income – profit after taxation					
	Revenue return 2011 £'000	Capital return 2011 £'000	Total 2011 £'000	Revenue return 2010 £'000	Capital return 2010 £'000	Total 2010 £'000
Australian Dollar	316	–	316	223	–	223
Hong Kong Dollar	129	(753)	(624)	81	(747)	(666)
Indonesia Rupiah	–	–	–	13	–	13
Japanese Yen	19	–	19	–	–	–
Malaysian Ringgit	188	–	188	169	–	169
New Zealand Dollar	29	–	29	32	–	32
Philippines Peso	8	–	8	16	–	16
Singapore Dollar	258	–	258	195	–	195
Sterling	2	–	2	3	–	3
Taiwan Dollar	118	–	118	114	–	114
Thailand Baht	139	–	139	181	–	181
US Dollar	107	909	1,016	107	837	944
	1,313	**156**	**1,469**	**1,134**	**90**	**1,224**
Equity	**1,313**	**156**	**1,469**	**1,134**	**90**	**1,224**

If sterling had strengthened against the currencies shown, this would have had the following effect:

	Statement of Comprehensive Income – profit after taxation					
	Revenue return 2011 £'000	Capital return 2011 £'000	Total 2011 £'000	Revenue return 2010 £'000	Capital return 2010 £'000	Total 2010 £'000
Australian Dollar	(258)	–	(258)	(182)	–	(182)
Hong Kong Dollar	(106)	616	510	(66)	611	545
Indonesia Rupiah	–	–	–	(10)	–	(10)
Japanese Yen	(16)	–	(16)	–	–	–
Malaysian Ringgit	(154)	–	(154)	(139)	–	(139)
New Zealand Dollar	(24)	–	(24)	(26)	–	(26)
Philippines Peso	(6)	–	(6)	(13)	–	(13)
Singapore Dollar	(212)	–	(212)	(160)	–	(160)
Sterling	(1)	–	(1)	(3)	–	(3)
Taiwan Dollar	(97)	–	(97)	(93)	–	(93)
Thailand Baht	(113)	–	(113)	(148)	–	(148)
US Dollar	(87)	(744)	(831)	(88)	(685)	(773)
	(1,074)	**(128)**	**(1,202)**	**(928)**	**(74)**	**(1,002)**
Equity	**(1,074)**	**(128)**	**(1,202)**	**(928)**	**(74)**	**(1,002)**

In the opinion of the Directors, the above sensitivity analyses are not representative of the year as a whole, since the level of exposure changes frequently as part of the currency risk management process used to meet the Company's objectives.

Equity price risk

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

Management of the equity risk

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risk arising from factors specific to a particular country or sector. The allocation of assets to international markets and the stock selection process, as detailed on page 17, both act to reduce market risk. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to review investment strategy. The investments held by the Company are listed on various stock exchanges worldwide.

Concentration of exposure to equity price risks

A geographic analysis of the Company's investment portfolio is shown on page 14, which shows that all of the investments' value is in the Asia Pacific region. It should be recognised that an investment's country of domicile or of listing does not necessarily equate to its exposure to the economic conditions in that country.

Equity price risk sensitivity

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

The equity price risk sensitivity incorporates the equity foreign exchange sensitivity analysis.

	2011		2010	
	Increase in fair value £'000	**Decrease in fair value £'000**	**Increase in fair value £'000**	**Decrease in fair value £'000**
Statement of Comprehensive Income – profit after taxation				
Revenue return – increase /(decrease)	–	–	–	–
Capital return – increase /(decrease)	22,421	(22,421)	20,521	(20,521)
Total profit after taxation – increase /(decrease)	**22,421**	**(22,421)**	**20,521**	**(20,521)**
Equity	**22,421**	**(22,421)**	**20,521**	**(20,521)**

(ii) Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities, which stood at £11,331,000 (2010 – £11,357,000) at the year end.

Liquidity risk is not considered to be significant as the Company's assets comprise mainly cash and readily realisable securities, which can be sold to meet funding commitments if necessary and these amounted to £5,930,000 and £236,609,000 (2010 – £1,380,000 and £216,933,000) at the year end respectively. Short-term flexibility is achieved through the use of loan and overdraft facilities.

(iii) Credit risk

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

The risk is not significant, and is managed as follows:

– where the investment manager makes an investment in a bond, corporate or otherwise, the credit rating of the issuer is taken into account so as to minimise the risk to the Company of default. The Company has a holding in a CLN issued by Deutsche Bank AG. The issuer currently has a credit rating at Moody's of Aa3;

– investment transactions are carried out with a large number of brokers, whose credit rating of which is taken into account so as to minimise the risk to the Company of default;

– the risk of counterparty exposure due to failed trades causing a loss to the Company is mitigated by the review of failed trade reports on a daily basis. In addition, both stock and cash reconciliations to the custodian's records are performed on a daily weekly basis to ensure discrepancies are investigated on a timely basis. The Manager's Compliance department carries out periodic reviews of the custodian's operations and reports its finding to the Manager's Risk Management Committee. It is the Manager's policy to trade only with A- and above (Long Term rated) and A-1/P-1 (Short Term rated) counterparties.

– cash is held only with reputable banks with high quality external credit enhancements;

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

Credit risk exposure

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

	2011		2010	
	Balance Sheet £'000	Maximum exposure £'000	Balance Sheet £'000	Maximum exposure £'000
Non-current assets				
Investments designated at fair value through profit or loss	236,609	12,403	216,933	11,724
Current assets				
Cash at bank	5,930	5,930	1,380	1,380
	242,539	**18,333**	**218,313**	**13,104**

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

(iv) Gearing risk

The Company's policy is to increase its exposure to equity markets through the judicious use of borrowings. When borrowings are invested in such markets, the effect is to magnify the impact on shareholders' funds of changes, both positive and negative, in the value of the portfolio.

During the year the Company's borrowings were short-term loans, details of which can be found in note 12.

The loans are valued at amortised cost, using the effective interest rate method in the financial statements. The Board regulates the overall level of gearing by raising or lowering cash balances.

Fair value of financial assets

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

Fair values of financial liabilities

The fair value of borrowings as at the 31 December 2011 has been estimated at £11,000,000 which is the same as the carrying value due to their short term nature. At 31 December 2010 the fair value was £10,913,000 which was the same as the carrying value.

17. Capital management policies and procedures

The Company's capital management objectives are:

– to ensure that the Company will be able to continue as a going concern, and

– to maximise the income and capital return to its equity shareholders through an appropriate balance of equity capital and debt. The policy is that debt should not exceed 25% of net assets.

The Company's capital at 31 December comprises:

	2011 £'000	2010 £'000
Debt		
Borrowings under the multi-currency loan facility	**11,000**	**10,913**

	2011 £'000	2010 £'000
Equity		
Equity share capital	139,084	118,035
Retained earnings and other reserves	92,862	90,119
	231,946	**208,154**
Debt as a % of net assets	**4.74**	**5.24**

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

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

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

The Company is subject to the following externally imposed capital requirements:

- the bank borrowings under the Company's credit facility with Scotiabank Europe PLC are not to exceed 25% of net assets as measured in accordance with the policies used in the annual financial statements;
- under the Company's Articles of Association borrowings must not exceed an amount equal to the adjusted total of capital and reserves.

These requirements are unchanged since last year, and the Company has complied with them during both the current and prior year.

18. Related party transaction

Mr H Young is a director of Aberdeen Asset Management Asia Limited (AAM Asia) and Aberdeen Asset Management

PLC (AAM). AAM Asia is a subsidiary of AAM. Aberdeen Private Wealth Management Limited has an agreement to provide management services to the Company, which it has sub-delegated to AAM Asia. AAM has an agreement to provide administration and company secretarial services to the Company. The terms of these agreements are outlined in notes 5 and 6.

During the year AAM exercised its entire holding of Warrants to subscribe for Ordinary shares of no par value amounting to 14,466,640 Warrants. The resultant 14,466,640 Ordinary shares of no par value were subsequently sold by AAM and placed in the market by Aberdeen Asian Income Fund Limited's broker, Canaccord Genuity Limited.

19. Controlling party

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

20. Fair value hierarchy

IFRS 7 'Financial Instruments: Disclosures' requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (ie as prices) or indirectly (ie derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial assets and liabilities measured at fair value in the Balance Sheet are grouped into the fair value hierarchy at 31 December 2011 as follows:

	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	224,206	–	–	224,206
Quoted bonds	b)	12,403	–	–	12,403
Net fair value		**236,609**	**–**	**–**	**236,609**

At 31 December 2010

	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	205,209	–	–	205,209
Quoted bonds	b)	11,724	–	–	11,724
Net fair value		**216,933**	**–**	**–**	**216,933**

a) Quoted equities

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

b) Quoted bonds

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

21. Events after the reporting period

A further 4,200,000 Ordinary shares have been issued by the Company subsequent to the reporting period end at a total consideration received of £7.6m. Following the share issues 143,283,871 Ordinary shares remain in issue.

Marketing Strategy

Aberdeen Asian Income Fund Limited contributes to the marketing programme run by the Aberdeen Group ("AAM") on behalf of a number of investment trusts under its management. Under this agreement the Company's contribution is matched by AAM. This contribution, which is reviewed annually, amounted to £161,000 for the year ended 31 December 2011.

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

These aims can be met in several ways:

Investor Relations Programme

AAM runs an investor relations programme to existing and prospective institutional investors in investment trusts. Each month institutional investors and prospects receive a Manager's report on your Company that includes detailed performance analysis.

Newsletter

The 'Bulletin' newsletter, an informed commentary on markets and investment trusts managed by AAM is distributed free of charge.

Public Relations

AAM undertakes to brief journalists, write regularly through placed articles and ensure Company results and any corporate activity are brought to public attention.

Shareholder Services

AAM runs an investment help desk for retail enquirers and investors. Enquirers or investors will be sent any relevant literature on request and have queries answered immediately.

The Marketing Programme is under the direction of AAM's Group Head of Marketing, who has considerable experience in the marketing and communications of investment products. He is supported by a team of marketing professionals.

Internet

Aberdeen Asian Income Fund Limited has its own dedicated website: www.asian-income.co.uk. This allows web users to access information on the Company's share price performance, capital structure, stock exchange announcements and monthly reports. The site is continuously being evaluated for improvement.

It is intended that ongoing programme activities in these various fields, both proactive and supportive, will assist the Company to increase and maintain its shareholder base, improve liquidity and sustain ratings.

The Company is committed to a close monitoring of the Marketing Programme. Aberdeen's Group Head of Marketing reports to the Board and provides a written summary quarterly.

If you have any questions about your Company, the Manager or performance, please telephone the AAM Customer Services Department (direct private investors) on 0500 00 00 40 or our Broker Desk on 0800 592 487 (Institutions and IFAs).

Aberdeen Investment Trust Administration
PO Box 11020
Chelmsford
Essex, CM99 2DB
Telephone: 0500 00 00 40

Alternatively, internet users may email AAM at inv.trusts@aberdeen-asset.com or write to 10 Queen's Terrace, Aberdeen AB10 1YG.

How to Invest in Aberdeen Asian Income Fund Limited

Direct

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

Aberdeen's Investment Plan for Children

Aberdeen Asset Managers Limited ("AAM") runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including Aberdeen Asian Income Fund Limited. Anyone can invest in the Children's Plan, including parents, grandparents and family friends. All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in the Children's Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts.

Aberdeen Investment Trust Share Plan

AAM runs a Share Plan (the "Plan") through which shares in Aberdeen Asian Income Fund Limited can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) on entry. Selling costs are £10 + VAT. There is no restriction on how long an investor need invest in a Plan, and regular savers can stop or suspend participation by instructing AAM in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Stocks and Shares ISA

An investment of up to £10,680 can be made in the tax year 2011/2012 and £11,280 in the tax year 2012/2013.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT.

The annual ISA administration charge is £24 + VAT. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

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

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

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

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

Trust Information

If investors would like details of Aberdeen Asian Income Fund Limited or information on the Children's Plan, Share Plan, ISA or ISA Transfers please telephone 0500 00 00 40, e-mail to inv.trusts@aberdeen-asset.com or write to:

Aberdeen Investment Trust Administration
PO Box 11020
Chelmsford
Essex, CM99 2DB
Telephone: 0500 00 00 40

Details are also available on www.invtrusts.co.uk

Keeping You Informed

The Company's share price appears under the heading 'Investment Companies' in the Financial Times.

For internet users, detailed data on Aberdeen Asian Income Fund Limited including price, performance information and a monthly fact sheet is available from the Trust's website (www.asian-income.co.uk) and the TrustNet website (www.trustnet.co.uk). Alternatively you can call 0500 00 00 40 for trust information.

How to Invest in Aberdeen Asian Income Fund Limited continued

For further information concerning any direct certificated shareholding, please contact the Company's registrars:

Capita IRG (Offshore) Limited
PO Box 532
St Helier
Jersey JE4 5UW

Tel: 01534 847 000
e-mail ssd@capitaregistrars.com

Tel: 0871 664 0300
(calls cost 10p a minute plus network extras, lines are open 8.30am-5.30pm Mon-Fri)
Tel International: (+44 208 639 3399)

Literature Request Service

For literature and application forms for the Manager's investment trust products, please contact:

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

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

Aberdeen Investment Trust Administration
PO Box 11020
Chelmsford
Essex, CM99 2DB
Telephone: 0500 00 00 40

The information on pages 54 to 56 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Services Authority.

Glossary of Terms and Definitions

Actual Gearing
Total Assets (as below) less all cash and fixed interest assets (excluding the DB Indo CLN 10% bond and any convertibles) divided by shareholders' funds.

Asset Cover
The value of a company's net assets available to repay a certain security. Asset cover is usually expressed as a multiple and calculated by dividing the net assets available by the amount required to repay the specific security.

Discount
The amount by which the market price per share of an investment trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Dividend Cover
Earnings per share divided by dividends per share expressed as a ratio.

Dividend Yield
The annual dividend expressed as a percentage of the share price.

Net Asset Value
The value of total assets less liabilities. Liabilities for this purpose included current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share.

Ordinary Shares
The Company's Ordinary shares give shareholders the entitlement to all of the capital growth in the Company's assets and to all the income from the Company that is resolved to be distributed. The Ordinary Shares are in registered form and traded on the London Stock Exchange's Main Market.

Subject to the Articles of Association, on a show of hands every registered holder of shares (a shareholder) who is present in person (or, being a corporation, by representative) shall have one vote. On a poll every shareholder present in person (or, being a corporation, by representative) or by proxy shall be entitled to one vote in respect of each share held by him. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the shares.

Potential Gearing
Total Assets including all debt being used for investment purposes divided by shareholders' funds.

Premium
The amount by which the market price per share of an investment trust exceeds the net asset value per share. The premium is normally expressed as a percentage of the net asset value per share.

Price/Earnings Ratio
The ratio is calculated by dividing the middle-market price per share by the earnings per share. The calculation assumes no change in earnings but in practice the multiple reflects the stock market's view of a company's prospects and profit growth potential.

Prior Charges
The name given to all borrowings including debentures, loan and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment.

Total Assets
Total Assets less current liabilities (before deducting prior charges as defined above).

Total Expense Ratio
Ratio of expenses as percentage of average shareholders' funds calculated as per the industry standard Lipper Fitzrovia method.

Total Return
Total Return involves reinvesting the net dividend in the month that the share price goes xd. The NAV Total Return involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned, eg quarter end, half year or year end date.

Warrants
Each of the Company's Warrants confers the right to subscribe in cash for one Ordinary share at a price of 120p on the twentieth business day after despatch of the Company's Annual or Half-Yearly Reports each year ending on the twentieth business day after despatch of the Annual Report for the year ending 31 December 2012. The Warrants are in registered form and traded on the London Stock Exchange's Main Market.

Notice of Annual General Meeting

Notice is hereby given that the sixth Annual General Meeting of Aberdeen Asian Income Fund Limited will be held at No.1 Seaton Place, St Helier, Jersey JE4 8YJ, at 9.30 a.m. on 16 May 2012 for the following purposes:

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

1 To receive the Directors' report and financial statements for the year ended 31 December 2011, together with the auditors' report thereon.
2 To receive and adopt the Directors' Remuneration Report.
3 To re-elect Mr A Berzins as a Director.
4 To re-elect Mr H Young as a Director.
5 To elect Mr C Clarke as a Director.
6 To re-appoint Ernst & Young LLP as independent auditors and to authorise the Directors to agree their remuneration.

Special Business

As special business, to consider the following resolutions, of which resolutions 7, 9, 10 and 11 will be proposed as special resolutions and resolution 8 as an ordinary resolution:

7 THAT, the Company be and is hereby generally and unconditionally authorised in accordance with the Articles of Association to make market purchases on a stock exchange of and to cancel or hold in treasury Ordinary shares of no par value in the capital of the Company ("Ordinary shares"), provided that:

a) the maximum number of Ordinary shares hereby authorised to be purchased is 14.99 per cent. of the issued share capital of the Company as at the date of the passing of this Resolution;

b) the maximum price which may be paid for an Ordinary share shall not be more than the higher of (i) an amount equal to 105 per cent. of the average of the middle market quotations for an Ordinary share taken from the Official List for the 5 business days immediately preceding the day on which the Ordinary share is purchased; and (ii) the higher of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out;

c) the minimum price which may be paid for an Ordinary share is 1 pence;

d) the Company be authorised to purchase Ordinary shares out of its unrealised capital or revenue profits less its capital or revenue losses, whether realised or unrealised; and,

e) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2013 or, if earlier, on the expiry of 18 months from the passing of this resolution, unless such authority is renewed prior to such time.

8 THAT, the Company be and is hereby generally and unconditionally authorised to hold Ordinary shares, redeemed or purchased, as treasury shares as permitted pursuant to and in accordance with Article 58A and 58B of the Companies (Jersey) Law 1991 as amended or to be cancelled.

9 THAT, the Company be and is hereby generally and unconditionally authorised in accordance with the Articles of Association to make market purchases of and to cancel Warrants to subscribe for Ordinary shares of no par value in the capital of the Company ("Warrants"), provided that:

a) the maximum number of Warrants hereby authorised to be purchased is 14.99 per cent. of the Warrants in issue as at the date of the passing of this resolution;

b) the maximum price which may be paid for a Warrant shall not be more than the higher of (i) an amount equal to 105 per cent. of the average of the middle market quotations for a Warrant taken from the Official List for the 5 business days immediately preceding the day on which the Warrant is purchased; and (ii) the higher of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out;

c) the minimum price which may be paid for a Warrant is 1 pence;

d) the Company be authorised to purchase Warrants out of its unrealised capital or revenue profits less its capital or revenue losses, whether realised or unrealised; and,

e) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2013 or, if earlier, on the expiry of 18 months from the passing of this resolution, unless such authority is renewed prior to such time.

10 THAT, for the purposes of paragraph 2 of Article 7 of the Company's Articles of Association the Company may issue equity securities (as defined in that Article) up to a maximum amount of 14,328,387 shares representing 10% of the total number of shares in issue as at the date of this resolution, provided that such disapplication shall expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting (by Special Resolution) at the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2013 or eighteen months from the date of this resolution but so that this power shall enable the Company to make offers or agreements before such expiry which would or might require equity securities to be issued after such expiry and the Directors of the Company may issue equity securities in pursuance of any such offer or agreement as if such expiry had not occurred.

11 THAT the Company's articles of association be amended by the deletion of paragraph (b) of Article 7.1 in its entirety and the substitution therefor of the following:-

"(b) For the purposes of this Article 7.1, the "***Relevant Share Test***" is that the Board shall be satisfied on the basis of the most recently available information that, in their opinion, such shares or securities or rights to subscribe for or to convert or exchange any securities into shares or securities or reclassify any shares are to be issued, converted, exchanged or reclassified at prices such that the net asset value attributable to an Ordinary Share ("***the Relevant Share***") immediately after such issue, conversion, exchange or reclassification is greater than the net asset value attributable to an Ordinary Share immediately prior to such issue, conversion, exchange or reclassification, in each case by reference to the net asset value attributable to an Ordinary Share calculated at the latest practicable time prior to such issue, conversion, exchange or reclassification is finally approved by the Directors."

No.1 Seaton Place
St Helier, Jersey
JE4 8YJ
11 April 2012

By order of the Board
Aberdeen Private Wealth Management Limited
Secretaries

Notes:

a) A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed.

b) Instruments of proxy and the power of attorney or other authority, if any, under which they are signed or a notarially certified copy of that power of attorney or authority should be sent to The Registrars, Aberdeen Asian Income Fund Limited, Capita Registrars, Proxies Department, PO Box 25, Beckenham, Kent BR3 4BR so as to arrive not less than forty eight hours before the time fixed for the meeting.

c) In accordance with Article 40 of the Companies (Uncertificated Securities) (Jersey) Order 1999, to have the right to attend and vote at the meeting referred to above a member must first have his or her name entered in the Company's register of members by not later than forty eight hours before the time fixed for the meeting (or, in the event that the meeting be adjourned, on the register of members forty eight hours before the time of the adjourned meeting). Changes to entries on that register after that time (or, in the event that the meeting is adjourned, on the register of members less than forty eight hours before the time of any adjourned meeting) shall be disregarded in determining the rights of any member to attend and vote at the meeting referred to above.

d) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders entered on the register of members of the Company as at 6.00pm on 14 May 2012 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to the entries on the register of members after 6.00pm on 14 May 2012 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting, notwithstanding any provisions in any enactment, the Articles of Association of the Company or other instrument to the contrary.

e) No Director has a service contract with the Company.

f) The Register of Directors' interests is kept by the Company and available for inspection.

g) As at 27 March 2012 (being the last business day prior to the publication of this notice) the Company's issued share capital comprised 143,283,871 Ordinary shares of no par value. Each Ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 27 March 2012 was 143,283,871.

h) There are special arrangements for holders of shares through the Aberdeen Share Plan and Investment Trust ISA. These are explained in the 'Letter of Direction' which such holders will have received with this report.

Corporate Information

Directors
Peter Arthur, Chairman
Andrey Berzins, Audit Committee Chairman
Duncan Baxter, Senior Independent Director
Martyn Chambers
Ana Cukic Armstrong
Hugh Young
Charles Clarke (*from 29 March 2012*)

Manager, Secretary & Registered Office
Aberdeen Private Wealth Management Limited
No.1 Seaton Place
St Helier
Jersey JE4 8YJ

Registration Number: 91671

Investment Manager
Aberdeen Asset Management Asia Limited
23 Church Street, #06-01/02/03/04/05/06
Capital Square One
Singapore 049481

Registrars
Capita IRG (Offshore) Limited
PO Box 532
St Helier
Jersey JE4 5UW

Tel: 01534 847 000

Transfer Agents
Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Tel: 0871 664 0300
(calls cost 10p a minute plus network extras, lines are open 8.30am-5.30pm Mon-Fri)
Tel International: (+44 208 639 3399)

e-mail ssd@capitaregistrars.com
website www.capitaregistrars.com

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

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

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

Stockbrokers
Canaccord Genuity Limited
7th Floor, Cardinal Place
80 Victoria Street
London SW1E 5JL

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

Website
www.asian-income.co.uk

Your Company's Capital History

Issued Share Capital at 31 December 2011

139,083,871	Ordinary shares of no par value
6,155,130	Warrants to subscribe for Ordinary shares

Capital History

20 December 2005	110,000,000 Ordinary shares placed at 100p per share and 22,000,000 Warrants issued at 10p per Warrant. Share issue applicants were entitled to purchase Warrants on the basis of one Warrant for every 10 Ordinary shares applied for.
Year to 31 December 2007	800,000 Ordinary shares of no par value purchased in the market for cancellation
Year to 31 December 2008	760,000 Ordinary shares of no par value purchased in the market for cancellation
Year to 31 December 2009	1,350,000 Ordinary shares of no par value issued for cash at a premium to the prevailing net asset value
Year to 31 December 2010	7,199,001 Ordinary shares of no par value issued for cash at a premium to the prevailing net asset value
11 May 2010	160,999 Warrants exercised resulting in the issue of 160,999 new Ordinary shares
13 October 2010	885,062 Warrants exercised resulting in the issue of 885,062 new Ordinary shares
16 May 2011	14,793,009 Warrants exercised resulting in the issue of 14,793,009 new Ordinary shares
5 October 2011	5,800 Warrants exercised resulting in the issue of 5,800 new Ordinary shares
Year to 31 December 2011	6.25 million Ordinary shares of no par value issued for cash at a premium to the prevailing net asset value

FSC
www.fsc.org
MIX
Paper from
responsible sources
FSC® C005739

Aberdeen