

Aberdeen Standard Asia Focus PLC

(Formerly Aberdeen Asian Smaller Companies Investment Trust PLC)

A fundamental, high conviction portfolio of well-researched
Asian small caps

REGISTERED NUMBER 03106339



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Visit our website

To find out more about Aberdeen Standard Asia Focus PLC, please visit: asia-focus.co.uk

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 Standard Asia Focus PLC, 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.

Company Overview

On 9 November 2018 Aberdeen Asian Smaller Companies Investment Trust PLC changed its name to Aberdeen Standard Asia Focus PLC by way of a Directors' resolution passed in accordance with the Articles of Association of the Company.

Launched in October 1995, Aberdeen Standard Asia Focus PLC (the "Company") is an investment company with its Ordinary shares and 2025 Convertible Unsecured Loan Stock (CULS) listed on the premium segment of the London Stock Exchange. The Company is an approved investment trust and aims to maximise total return to shareholders over the long term from a portfolio of smaller quoted

companies (with a market capitalisation of up to approximately US\$1.5 billion at the time of investment) in the economies of Asia and Australasia, excluding Japan.

The Company is governed by a board of non-executive directors, the majority of whom are independent, and has no employees. Like most other investment companies, the Company outsources its investment management and administration to an investment management company, Aberdeen Standard Investments. The Company does not have a fixed life.

Financial Highlights

Net asset value total return (diluted) ^{AB}	MSCI AC Asia Pacific ex Japan Index total return ^C	MSCI AC Asia Pacific ex Japan Small Cap Index total return ^C
+4.6%	+6.1%	+6.6%
2017 +15.4%	2017 +25.7%	2017 +14.3%
Share price total return ^A	Discount to net asset value ^{AB}	Ordinary dividend per share ^D
+0.4%	14.8%	17.00p
2017 +16.2%	2017 10.9%	2017 16.00p

^A Alternative Performance Measure (see pages 15, 90 and 91).

^B 2018 presented on an undiluted basis as Convertible Unsecured Loan Stock ("CULS") "out of the money"; 2017 – presented on a diluted basis as CULS "in the money".

^C Currency adjusted, capital gains basis.

^D Dividends are subject to shareholder approval at the Annual General Meeting.

Net asset value per share*
At 31 July – pence

Dividends per share
Year ended 31 July – pence

Mid-market price per share
At 31 July – pence

*Diluted values used for 2014-2017

Investment Objective

The Company's revised Investment Objective and Investment Policy was approved by shareholders at the General Meeting held on 23 May 2018.

The Company aims to maximise total return to shareholders over the long term from a portfolio made up predominantly of smaller quoted companies (with a market capitalisation of up to approximately US\$1.5 billion at the time of investment) in the economies of Asia and Australasia, excluding Japan by following the investment policy described below. When it is in shareholders' interests to do so, the Company reserves the right to participate in the rights issue of an investee company notwithstanding that the market capitalisation of that investee may exceed the stated ceiling. The Directors do not envisage any change in this activity in the foreseeable future.

Investment Policy

The Company's assets are invested in a diversified portfolio of securities (including equity shares, preference shares, convertible securities, warrants and other equity-related securities) predominantly in quoted smaller companies spread across a range of industries and economies in the investment region including Australia, Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Korea, Laos, Malaysia, Myanmar, New Zealand, Pakistan, The Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam, together with such other countries in Asia as the Directors may from time to time determine, (collectively, the "Investment Region"). Investments may also be made through collective investment schemes, in unquoted equities (up to 10% of the net assets of the Company, calculated at the time of investment) and in companies traded on stock markets outside the

Investment Region provided that over 75% of their consolidated revenue, operating income or pre-tax profit is earned from trading in the Investment Region or they hold more than 75% of their consolidated net assets in the Investment Region.

Risk Diversification

The Company does not invest more than 15% of its gross assets at the time of investment either in other listed investment companies (including listed investment trusts), or in the shares of any one company. The Manager is authorised to invest up to 15% of the Company's gross assets in any single stock.

Gearing

The Board is responsible for determining the gearing strategy for the Company. 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. Gearing is subject to a maximum gearing level of up to 25% of adjusted NAV at the time of draw down.

Management

The Company's Manager is Aberdeen Fund Managers Limited ("AFML", the "AIFM" or the "Manager") which has delegated the investment management of the Company to Aberdeen Standard Investments (Asia) Limited ("ASI Asia" or the "Investment Manager") (ASI Asia changed its name from Aberdeen Asset Management Asia Limited on 3 September 2018). ASI Asia and AFML are both wholly owned subsidiaries of Standard Life Aberdeen plc, formed by the merger of Aberdeen Asset Management PLC and Standard Life plc on 14 August 2017. Aberdeen Standard Investments is a brand of the investment businesses of the merged entity.

Financial Calendar

9 November 2018	Announcement of annual results for the year ended 31 July 2018
2 November to 30 November 2018	Period during which holders of the Company's 2.25% Convertible Unsecured Loan Stock 2025 (CULS) can elect to convert into Ordinary shares
30 November 2018	CULS Conversion Date
16 January 2019	Annual General Meeting at 11.30 a.m. in London
22 January 2019	Payment of final and special dividends for year ended 31 July 2018
March 2019	Announcement of half yearly results for the six months ending 31 January 2019
3 May to 31 May 2019	Period during which holders of the Company's 2.25% Convertible Unsecured Loan Stock 2025 (CULS) can elect to convert into Ordinary shares
31 May 2019	CULS Conversion Date
October 2019	Announcement of annual results for the year ending 31 July 2019

Overview

Chairman's Statement

Nigel Cayzer
Chairman

Results

I am pleased to report that, in the year to 31 July 2018, your Company's net asset value ("NAV") rose by 4.6% in sterling total return terms. The second half of the year proved to be much more robust with the Company outperforming the MSCI Asia Pacific ex Japan Small Cap Index by 6.9%. For the year the index rose by 6.6%, which reflects the quiet start to the year.

The Company continues to manage the discount and during the year, the Company purchased 2,137,138 Ordinary shares for treasury. Notwithstanding this, the discount to NAV per share widened from 14.0% to 14.8% as at 31 July 2018. This demonstrates the caution investors have towards emerging markets amid continuing nervousness over the direction of US foreign policy and, in particular, the prospect of a trade war with China.

The Future

The case for investing in smaller companies in the Asia Pacific region remains strong. The region accounts for nearly two-thirds of global growth and remains the most dynamic by a wide margin. Asia is also a leader in many aspects of emerging structural technology trends, such as electrification, automation, artificial intelligence and machine learning. These fundamental changes combined with the rise of e-commerce continue to transform the dynamics of many industries, presenting both risks and opportunities for companies.

The growing middle class of industrious, well-educated and innovative people has fuelled the creation of new companies across the region. The rise in disposable incomes has led to expanding domestic markets that are much less dependent on exports than was the case 20 years ago.

All this leads to larger and more complex markets; it means greater opportunities but the flip side of this is

that greater efforts are needed to identify and select the right holdings that can deliver sustained returns.

Your Manager's commitment to a long-term, bottom-up strategy is invaluable in this process. While there is a surfeit of choices of companies in which to invest, there is no substitute for in-depth and first-hand research to identify quality companies with exciting business prospects, solid financials, professional management and adherence to good corporate governance. Here, your Manager's substantial on-the-ground presence across the region is a significant advantage, as it facilitates greater access to holdings' management to steer improvements and ensure the interests of shareholders, including your Company, are protected. The deeper local knowledge also assists in uncovering quality companies that are often overlooked, enabling a consistent stream of good investment ideas and prospects.

From time to time, it is important for every company to examine the strengths and weaknesses of its strategy, to evaluate if it can be improved so as to meet the key goals of the owners and stakeholders, which, in our case, are the shareholders and holders of convertible loan stock, both institutional and private.

In the case of an Investment Trust, the goals on which success can be measured and, on which the support of the shareholders is derived, can, we believe, be distilled into these key areas:

- The investment strategy and its execution;
- The performance of the fund both absolute and as against an index;
- The discount;
- The dividend policy;
- The cost base; and
- Corporate Governance.

The Board has been conducting such a review along with Hugh Young and his team at Aberdeen Standard in

Singapore to see how we can more effectively streamline the investment approach so as to take advantage of the scale of your Manager's resources combined with an entrepreneurial skill to identify those companies that will provide tomorrow's leaders.

The Board believes that all of the above goals will be enhanced by the following:

- Hugh Young will become the named fund manager of the Company and will be responsible for the day to day investment decisions. His formidable knowledge and experience will bring a sharper focus to our investment processes;
- The Company will shrink the number of investments from circa 80 to 60 with 30 core holdings to provide a sharper concentration;
- The name of the Company has been changed to Aberdeen Standard Asia Focus PLC to further emphasise the drive to identify and invest in the small cap companies that can become the investment heroes of tomorrow;
- The dividend policy will remain the same and the Board does not anticipate these changes will impact our long standing policy of paying progressive dividends;
- The management fee will be reduced to 0.96% from 1% and, from 1 November 2018, will be based on the Ordinary share market capitalisation rather than the NAV thus aligning the interests of the Manager with those of the shareholders which is to reduce or eliminate the discount to NAV. Conversely, they will be rewarded if the Company's shares trade at a premium to the NAV;
- Continued refreshment of the Board with the appointment of two highly experienced new Directors to bring fresh thinking to our deliberations.

Your Board believes that these changes will give the Company the focus it requires to build on the great success we have enjoyed over the past 23 years. Since inception, our net assets have grown by over 1619% in absolute terms which has delivered a 1502% share price return to those who have held shares since 1995. This compares with an increase during the same period of 378% in the MSCI Asia Pacific ex Japan Index.

Overview of the Year

Asian equities rose in the year under review, despite divergent forces at play. It was smooth-sailing in 2017, with a liquidity-fuelled rally, supported by low interest rates and a synchronised upturn in economic growth globally. The passage of a sweeping tax reform bill in the US also buoyed sentiment, especially for companies with US dollar-denominated revenues.

But as the year turned, so too did sentiment. Initially, concerns over a faster pace of monetary policy normalisation by the Federal Reserve dampened appetite for riskier assets. This also put the US dollar on the front foot, and compelled several Asian central banks to raise rates to defend their currencies and economies. Subsequently, investors grew fearful that a global trade war would break out, as tensions between America and its trading partners, particularly China, ratcheted higher. The tit-for-tat retaliation spiralled into tariffs on exports worth billions of dollars.

Against such a difficult backdrop, your Trust saw a much improved performance over the subsequent six months after a disappointing interim period. In particular, the domestic focus of the holdings within the underlying portfolio gives them a degree of insulation against external shocks.

For instance, the portfolio has proven more resilient amid the recent trade disputes, which have taken a toll on larger companies that are more closely wedded to global supply and distribution chains. Most small-cap businesses are also relatively buffered against currency fluctuations, as much of their revenue is still primarily generated at home. Moreover, the holdings generally have robust balance sheets, healthy cash flows and sustainable debt levels, making them less vulnerable to leverage-related risks that could arise from sudden exchange-rate devaluations.

The improving performance also reflects your Manager's refinements to the investment process that I have mentioned in my previous update and which Hugh Young covers in his Manager's Report. These enhancements include the adoption of sectoral coverage to provide better insights, and new tools and techniques to aid stock picking and portfolio risk assessment. As such refinements are increasingly bedded down in the investment process and along with the continued and committed focus on quality and value, your Manager expects to see over the coming years a more focused portfolio of best-in-class smaller companies that are innovative enough to respond to disruptive threats affecting various industries, and extrapolating from there, having a positive impact on performance of the Trust.

Along with the changes that I have outlined earlier, all this serves one purpose: to ensure that the Trust continues to deliver on its objective of maximising total return to shareholders over the long term.

Overview

Chairman's Statement continued

Dividend

As advised in previous years and subject to market conditions, it is your Company's aim to maintain or increase the Ordinary dividend so that shareholders can rely on a consistent stream of income. Since its launch in 1995, with the exception of the 1997 and 1998 years when the Asian Crisis gripped much of Asia, the Company has maintained or increased the level of final dividend every year.

In the current year, we have seen continued strength in both the ordinary income and the income that we receive as special dividends. In view of this, the Board is recommending a final dividend of 13.0p per share, an increase of 8.3% from 2017 and a maintained special dividend of 4.0p per share (2017 4.0p). The payments will allow for a small surplus to be transferred to the brought forward revenue reserves which can be used in future years in the event of any temporary shortfalls in revenue. If approved by shareholders at the Annual General Meeting of the Company on 16 January 2019, the final dividend will be paid on 22 January 2019 to shareholders on the register on 21 December 2018.

Reorganisation of CULS, Gearing and Share Capital Management

On 23 May 2018 Ordinary shareholders and CULS 2019 holders approved a scheme to reorganise the CULS 2019. CULS 2019 holders were offered a final opportunity to convert into Ordinary shares on the basis of one Ordinary share for every 830 pence of CULS 2019 nominal held. CULS 2019 holders were also offered an alternative option (the Reinvestment Scheme) to have their CULS 2019 purchased from them and reinvested into a new 2025 CULS on the basis of a reinvestment price of 127.7 pence of CULS 2025 for each 100 pence of CULS 2019 held (with the reinvestment price having been based upon the unaudited NAV (fully diluted and including income) per Ordinary share as at the close of business on 18 May 2018 and the average discount at which the Ordinary shares had traded over the preceding ten dealing days). 18,325,551 Units of CULS 2019 elected to convert into 2,207,850 new Ordinary shares which were issued on 29 May 2018.

On 29 May 2018 the Company issued £37 million of new CULS 2025. The interest rate on the CULS is 2.25% per annum, payable semi-annually in arrears on 30 November and 31 May in each year. CULS holders are entitled to convert their CULS into Ordinary shares every six months from 30 November 2018 until 31 May 2025. In accordance with the terms of the CULS Issue, the conversion price of the CULS was determined at 1465.0 pence nominal of CULS for one Ordinary share, which represented a 20% premium to the published

(unaudited) NAV per Ordinary share (fully diluted and including income) at close of business on 18 May 2018. CULS holders have the right to receive notice of, but not to attend, Annual General Meetings of the Company.

The Company's year-end net gearing was 9.5%. The majority of the gearing is provided by the new CULS 2025 together with bank loans. The Company has a three year multicurrency revolving loan facility and a term loan facility in an aggregate amount of US\$25 million with The Royal Bank of Scotland International Limited, London Branch. Under the term loan facility US\$12.5 million has been drawn down and fixed for three years to June 2020 at an all-in rate of 2.506%. Under the revolving loan facility a further US\$10 million has been drawn down. Up to US\$2.5 million remains available for drawing in the future under the revolving loan facility. At the year end US\$22.5 million had been drawn down under the facilities.

During the year the Company purchased for treasury 2,137,138 Ordinary shares at a discount to the prevailing NAV (exclusive of income). Subsequent to the period end a further 524,500 Ordinary shares have been purchased into treasury. Share buy backs can reduce the volatility of any discount as well as modestly enhancing the NAV for shareholders.

Annual General Meeting

The Annual General Meeting is scheduled to be held on 16 January 2019 at 11.30 a.m. In addition to the usual ordinary business, as special business the Board is seeking to renew the authority to issue new shares and sell treasury shares for cash at a premium without pre-emption rules applying and to renew the authority to buy back shares and either hold them in treasury for future resale (at a premium to the prevailing NAV per share) or cancel them.

The Board is happy to take general questions on the Annual Report and financial statements at the meeting but would advise that questions of a technical nature should be addressed in writing to the Company Secretary, in advance.

The delay in holding the AGM from November/December is primarily to allow Hugh Young to attend in person. We look forward to seeing as many shareholders as possible and very much hope that any, who wish, will stay for lunch afterwards.

Directorate

As part of the continuing process of succession planning the Board is delighted to announce the appointments of Charlotte Black and Deborah Guthrie as independent

non-executive Directors of the Company with effect from the close of business of the Annual General Meeting to be held on 16 January 2019. Ms Black has experience in various non-executive roles and as a board member within financial services, in both commercial and infrastructure companies and trade associations and is an experienced champion of major changes in the market's infrastructure. Ms Guthrie is an equity research sales specialist with many years' experience of the Japanese equity market as well as a wider understanding of Asian markets having lived and work in the region.

The appointment of two new Directors to the Board will allow us to refresh the Board in line with corporate governance guidelines. Chris Maude will retire from the Board on 31 March 2019 and I would like to thank him for his very considerable contribution over the last 11 years.

Outlook

Your Board strongly believes that small cap companies operating in Asia represent one of the most attractive opportunities available to investors. The changes that have been outlined above will enable this company to participate in the continuing growth offered by this region. The resources and disciplines of our Manager combined with the investment skills of Hugh Young give your Board great confidence in our future.

Nigel Cayzer
Chairman
9 November 2018



Strategic Report

The Company aims to attract long term private and institutional investors wanting to benefit from the growth prospects of Asian smaller companies. It is an investment trust and its Ordinary shares and Convertible Unsecured Loan Stock are listed on the premium section of the London Stock Exchange. It does not have a benchmark.

1995

The Company was launched on the London Stock Exchange 23 years ago

Shangri-La Hotel Pacific Place, Hong Kong Island.

Shangri-La Hotels Malaysia is one of the top twenty investments of Aberdeen Standard Asia Focus PLC.

Strategic Report

Overview of Strategy

Business Model

The business of the Company is that of an investment company which seeks to qualify as an investment trust for UK capital gains tax purposes.

Investment Objective

The Company's revised Investment Objective and Investment Policy was approved by shareholders at the General Meeting held on 23 May 2018.

The Company aims to maximise total return to shareholders over the long term from a portfolio made up predominantly of smaller quoted companies (with a market capitalisation of up to approximately US\$1.5 billion at the time of investment which was raised to this level on 23 May 2018 from the previous ceiling of US\$1bn) in the economies of Asia and Australasia, excluding Japan by following the investment policy described below. When it is in shareholders' interests to do so, the Company reserves the right to participate in the rights issue of an investee company notwithstanding that the market capitalisation of that investee may exceed the stated ceiling. The Directors do not envisage any change in this activity in the foreseeable future.

Investment Policy

The Company's assets may be invested in a diversified portfolio of securities (including equity shares, preference shares, convertible securities, warrants and other equity-related securities) predominantly in quoted smaller companies spread across a range of industries and economies in the investment region including Australia, Bangladesh, Cambodia, China, Hong Kong, India, Indonesia, Korea, Laos, Malaysia, Myanmar, New Zealand, Pakistan, The Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam, together with such other countries in Asia as the Directors may from time to time determine, (collectively, the "Investment Region"). Investments may also be made through collective investment schemes, in unquoted equities (up to 10% of the net assets of the Company, calculated at the time of investment) and in companies traded on stock markets outside the Investment Region provided that over 75% of their consolidated revenue, operating income or pre-tax profit is earned from trading in the Investment Region or they hold more than 75% of their consolidated net assets in the Investment Region.

Risk Diversification

The Company does not invest more than 15% of its gross assets at the time of investment either in other listed investment companies (including listed investment trusts), or in the shares of any one company. The Manager is authorised to invest up to 15% of the Company's gross assets in any single stock.

Gearing

The Board is responsible for determining the gearing strategy for the Company. 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. Gearing is subject to a maximum gearing level of up to 25% of adjusted NAV at the time of draw down.

Delivering the Investment Policy

The Directors are responsible for determining the investment policy and the investment objective of the Company. Day to day management of the Company's assets has been delegated, via the AIFM, to the Investment Manager, ASI Asia. ASI Asia invests in a diversified range of companies throughout the Investment Region in accordance with the investment policy. ASI Asia follows a bottom-up investment process based on a disciplined evaluation of companies through direct visits by its fund managers. Stock selection is the major source of added value. No stock is bought without the fund managers having first met management. ASI Asia estimates a company's worth in two stages, quality then price. Quality is defined by reference to management, business focus, the balance sheet and corporate governance. Price is calculated by reference to key financial ratios, the market, the peer group and business prospects. Top-down investment factors are secondary in the ASI Asia's portfolio construction, with diversification rather than formal controls guiding stock and sector weights. Except for the maximum market capitalisation limit, little regard is paid to market capitalisation.

A detailed description of the investment process and risk controls employed by ASI Asia is disclosed on page 81. A comprehensive analysis of the Company's portfolio is disclosed on pages 21 to 26 including a description of the ten largest investments, the portfolio investments by value, sector/geographical analysis and currency/market performance. At the year end the Company's portfolio consisted of 77 holdings.

Comparative Indices

The Company does not have a benchmark. ASI Asia utilises two general regional indices, the MSCI AC Asia Pacific ex Japan Index (currency adjusted) and the MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted), as well as peer group comparisons for Board reporting. It is likely that performance will diverge; possibly quite dramatically in either direction, from these or any other indices. ASI Asia seeks to minimise risk by using in depth research and does not see divergence from an index as risk.

Strategic Report

Overview of Strategy continued

Key Performance Indicators (KPIs)

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

KPI	Description
NAV Return (per share)	The Board considers the Company's NAV total return figures to be the best indicator of performance over time and is therefore the main indicator of performance used by the Board. The figures for this year and for the past 1, 3, 5, 10 years and since inception are set out on page 15.
Performance against comparative indices	The Board also measures performance against a combination of two regional indices – the MSCI AC Asia Pacific ex Japan Index (currency adjusted) and the MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted) together with comparison against its peers. Graphs showing performance are shown on pages 16 and 17. The Board also monitors share price performance relative to competitor investment trusts over a range of time periods, taking into consideration the differing investment policies and objectives employed by those companies.
Share price (on a total return basis)	The Board also monitors the price at which the Company's shares trade relative to the MSCI Asia Pacific ex Japan Index (sterling adjusted) on a total return basis over time. A graph showing the total NAV return and the share price performance against the comparative index is shown on page 17.
Discount/Premium to NAV	The discount/premium relative to the NAV per share represented by the share price is closely monitored by the Board. The objective is to avoid large fluctuations in the discount relative to similar investment companies investing in the region by the use of share buy backs subject to market conditions. A graph showing the share price premium/(discount) relative to the NAV is also shown on page 16.
Dividend	The Board's aim is to maintain or increase the Ordinary dividend so that shareholders can rely on a consistent stream of income. Dividends paid over the past 10 years are set out on page 15.

Principal Risks and Uncertainties

There are a number of risks which, if realised, could have a material adverse effect on the Company and its financial condition, performance and prospects. The Board has carried out a robust assessment of these risks, in the table below together with a description of the mitigating actions taken by the Board. The principal risks associated with an investment in the Company's shares are published monthly on the Company's factsheet or they can be found in the pre-investment disclosure document published by the Manager, both of which are on the Company's website. The Board reviews the risks and uncertainties faced by the Company in the form of a risk matrix and heat map at its annual Audit Committee and a summary of the principal risks are set out below.

Description	Mitigating Action
Investment strategy and objectives – the setting of an unattractive strategic proposition to the market and the failure to adapt to changes in investor demand may lead to the Company becoming unattractive to investors, a decreased demand for shares and a widening discount.	The Board keeps the level of discount at which the Company's shares trade as well as the investment objective and policy under review and in particular holds an annual strategy meeting where the Board reviews updates from the Investment Manager, investor relations reports and the Broker on the market. In particular, the Board is updated at each Board meeting on the make up of and any movements in the shareholder register.

Description (continued)

Investment portfolio, investment management: investing outside of the investment restrictions and guidelines set by the Board could result in poor performance and inability to meet the Company's objectives, as well as a weakening discount.

Financial obligations: the ability of the Company to meet its financial obligations, or increasing the level of gearing, could result in the Company becoming over-gearing or unable to take advantage of potential opportunities and result in a loss of value to the Company's shares. It could also result in the Company being unable to meet the interest repayments due on the CULS.

Financial and regulatory: the financial risks associated with the portfolio could result in losses to the Company. In addition, failure to comply with relevant regulation (including the Companies Act, the Financial Services and Markets Act, the Alternative Investment Fund Managers Directive, Accounting Standards and the listing rules, disclosure and prospectus rules) may have an impact on the Company.

Operational: the Company is dependent on third parties for the provision of all systems and services (in particular, those of Aberdeen Standard Investments) and any control failures and gaps in these systems and services could result in a loss or damage to the Company.

Investing in unlisted securities: the Company has the ability to invest in unlisted securities, although no such investments have been made to date. Unquoted investments are long-term in nature and they may take a considerable period to be realised. Unquoted investments are less readily realisable than quoted securities. Such investments may therefore carry a higher degree of risk than quoted securities. In valuing investments the Company may rely to a significant extent on the accuracy of financial and other information provided to the Manager. Furthermore, unquoted valuations are subject to the economic performance of the countries that the companies are based in or trade with, wider global economic trends and the performance of listed peer multiples which may influence valuations significantly. If public markets decline or economic growth falters then this will impact negatively.

Mitigating Action (continued)

The Board sets, and monitors, its investment restrictions and guidelines, and receives regular board reports which include performance reporting on the implementation of the investment policy, the investment process and application of the guidelines. The Investment Manager attends all Board meetings. The Board also monitors the Company's share price relative to the NAV.

The Board sets a gearing limit and receives regular updates on the actual gearing levels the Company has reached from the Investment Manager together with the assets and liabilities of the Company and reviews these at each Board meeting. In addition, Aberdeen Fund Managers Limited, as alternative investment fund manager, has set an overall leverage limit of 2x on a commitment basis (2.5x on a gross notional basis) and includes updates in its reports to the Board.

The financial risks associated with the Company include market risk, liquidity risk and credit risk, all of which are mitigated by the Investment Manager. Further details of the steps taken to mitigate the financial risks associated with the portfolio are set out in note 18 to the financial statements. The Board relies upon the Standard Life Aberdeen Group to ensure the Company's compliance with applicable regulations and from time to time employs external advisers to advise on specific concerns.

The Board receives reports from the Manager on internal controls and risk management at each board meeting. It receives assurances from all its significant service providers, as well as back to back assurances where activities are themselves sub-delegated to other third party providers with which the Company has no direct contractual relationship. Further details of the internal controls which are in place are set out in the Directors' Report on pages 36 and 37.

The Board recognises that investing in unlisted securities carries a higher risk/reward profile. Accordingly it seeks to mitigate this risk by limiting investment into such securities to 10% of the Company's net assets (calculated at the time of investment).

Strategic Report

Overview of Strategy continued

Promoting the Company

The Board recognises the importance of promoting the Company to prospective investors both for improving liquidity and enhancing the value and rating of the Company's shares. The Board believes an effective way to achieve this is through subscription to and participation in the promotional programme run by the Manager on behalf of a number of investment trusts under its management. The Company's financial contribution to the programme is matched by the Manager. The Manager reports quarterly to the Board giving analysis of the promotional activities as well as updates on the shareholder register and any changes in the make up of that register.

The purpose of the programme is both to communicate effectively with existing shareholders and to gain new shareholders with the aim of improving liquidity and enhancing the value and rating of the Company's shares. Communicating the long-term attractions of your Company is key and therefore the Company also supports the Manager's investor relations programme which involves regional roadshows, promotional and public relations campaigns.

Board Diversity

The Board recognises the importance of having a range of skilled, experienced individuals with the right knowledge represented on the Board in order to allow the Board to fulfil its obligations. The Board also recognises the benefits and is supportive of the principle of diversity in its recruitment of new Board members. The Board will not display any bias for age, gender, race, sexual orientation, religion, ethnic or national origins, or disability in considering the appointment of its Directors. However, the Board will continue to ensure that all appointments are made on the basis of merit against the specification prepared for each appointment and, therefore, the Company does not consider it appropriate to set diversity targets. At 31 July 2018, there were five male Directors and one female Director on the Board.

Socially Responsible Investment Policy

The Board acknowledges that there are risks associated with investment in companies which fail to conduct business in a socially responsible manner and has noted the Manager's policy on social responsibility. The Investment Manager considers social, environmental and ethical factors which may affect the performance or value of the Company's investments as part of its investment process. In particular, the Investment Manager encourages companies in which investments are made to adhere to best practice in the area of Corporate Governance. They believe that this can best be achieved

by entering into a dialogue with company management to encourage them, where necessary, to improve their policies in this area. The Company's ultimate objective, however, is to deliver superior investment return for its shareholders. Accordingly, whilst the Investment Manager will seek to favour companies which pursue best practice in the above areas, this must not be to the detriment of the return on the investment portfolio.

Environmental, Social and Human Rights Issues

The Company has no employees as the Board has delegated day to day management and administrative functions to Aberdeen Fund Managers Limited. There are therefore no disclosures to be made in respect of employees. The Company's socially responsible investment policy is outlined below.

Due to the nature of the Company's business, being a company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

The Company has no greenhouse gas emissions to report from the operations of its business, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Viability Statement

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

In assessing the viability of the Company over the review period the Directors have conducted a robust review of the principal risks focussing upon the following factors:

- The principal risks detailed in the Strategic Report;
- The ongoing relevance of the Company's investment objective in the current environment;
- The demand for the Company's Shares evidenced by the historical level of premium and or discount;

-
- The level of income generated by the Company;
 - The level of gearing and requirement to re-finance or repay existing facilities in 2020
 - The liquidity of the Company's portfolio; and,
 - The flexibility of the Company's bank facilities.

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

Future

Many of the non-performance related trends likely to affect the Company in the future are common across all closed ended investment companies, such as the attractiveness of investment companies as investment vehicles and the impact of regulatory changes (including MiFID II and Packaged Retail Investment and Insurance Products). These factors need to be viewed alongside the outlook for the Company, both generally and specifically, in relation to the portfolio. The Board's view on the general outlook for the Company can be found in my Chairman's statement on page 7 whilst the Investment Manager's views on the outlook for the portfolio are included on pages 18 and 19.

Nigel Cayzer
Chairman
9 November 2018



Strategic Report

Results

Financial Highlights

	31 July 2018	31 July 2017	% change
Total assets (see definition on page 92)	£486,044,000	£472,028,000	+3.0
Total equity shareholders' funds (net assets)	£433,706,000	£430,105,000	+0.8
Net asset value per share (basic)	1,231.83p	1,235.45p	-0.3
Net asset value per share (diluted)	n/a	1,192.49p	
Share price (mid market)	1,050.00p	1,062.00p	-1.1
Market capitalisation	£369,687,000	£369,722,000	-0.0
Discount to net asset value (basic) ^A	14.8%	14.0%	
Discount to net asset value (diluted)	n/a	10.9%	
MSCI AC Asia Pacific ex Japan Index (currency adjusted, capital gains basis)	774.03	751.08	+3.1
MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted, capital gains basis)	1,530.15	1,473.25	+3.9
Net gearing ^B	9.5%	8.9%	
Dividends and earnings			
Total return per share (basic) ^C	36.78p	172.29p	
Revenue return per share (basic)	19.27p	19.31p	-0.2
Dividends per share ^D	17.00p	16.00p	+6.3
Dividend cover ^E	1.13	1.21	-0.8
Revenue reserves ^F	£13,962,000	£11,426,000	+22.2
Operating costs			
Ongoing charges ratio ^G	1.22%	1.16%	

^A See definition on page 91.

^B Calculated in accordance with AIC guidance "Gearing Disclosures post RDR" (see method of calculation in note 20).

^C Measures the total earnings for the year divided by the weighted average number of Ordinary shares in issue (see note 9).

^D The figures for dividends per share reflect the dividends for the year in which they were earned.

^E Considered to be an Alternative Performance Measure. Dividend cover is defined as being the revenue return per share divided by dividends per share expressed as a ratio.

^F Prior to payment of final and special dividends.

^G Considered to be an Alternative Performance Measure. Ongoing charges ratio calculated in accordance with guidance issued by the AIC as the total of the investment management fee and administrative expenses divided by the average cum income net asset value throughout the year. Management fees are charged on the basis of the average net asset value of the Company over a rolling 24 month period. Further details can be found on page 91.

Strategic Report

Performance

Performance (total return)

	1 year % return	3 year % return	5 year % return	10 year % return	Since inception
Share price ^A	+0.4	+39.2	+12.9	+361.7	+1502.3
Net asset value per Ordinary share – diluted ^{AB}	+4.6	+43.0	+32.6	+351.7	+1619.9
MSCI AC Asia Pacific ex Japan Index (currency adjusted)	+6.1	+56.8	+66.2	+169.0	+377.7
MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted)	+6.6	+45.2	+50.6	+146.4	n/a

^A Considered to be an Alternative Performance Measure (see Glossary on page 90 for more information).

^B 1 year return calculated on an undiluted basis as CULS "out of the money". All other returns are calculated on a diluted basis.

Source: Standard Life Aberdeen plc, Morningstar, Lipper & MSCI

Dividends

	Rate	xd date	Record date	Payment date
Proposed final 2018	13.00p	20 December 2018	21 December 2018	22 January 2019
Proposed special 2018	4.00p	20 December 2018	21 December 2018	22 January 2019
	17.00p			
Final 2017	12.00p	2 November 2017	3 November 2017	7 December 2017
Special 2017	4.00p	2 November 2017	3 November 2017	7 December 2017
	16.00p			

Ten Year Financial Record

Year to 31 July	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total revenue (£'000)	4,954	6,103	8,380	9,168	11,512	11,427	14,746	10,992	13,896	14,673
Per share (p)										
Net revenue return	6.75	12.85	15.42	13.18	13.84	11.43	18.21	9.22	19.31	19.27
Total return	48.21	236.82	137.91	68.56	275.43	(31.46)	(50.13)	165.38	172.29	36.78
Net ordinary dividends paid/proposed	5.00	8.20	9.50	9.50	10.00	10.00	10.50	10.50	12.00	13.00
Net special dividends paid/proposed	–	1.90	2.80	3.00	3.00	3.00	4.50	–	4.00	4.00
Net asset value per share (p)										
Basic	390.96	619.37	686.39	746.55	1,013.82	968.89	906.16	1,068.92	1,235.45	1,231.83
Diluted	355.95	562.57	n/a	n/a	992.81	952.52	896.31	1,042.99	1,192.49	n/a
Shareholders' funds (£'000)	121,963	192,851	239,965	260,994	382,932	369,118	343,967	383,735	430,105	433,706

Strategic Report

Performance

Share Price Premium/(Discount) to Diluted Net Asset Value
Five years to 31 July 2018

Capital Return of Diluted NAV and Share Price vs MSCI AC Asia Pacific ex Japan Index (sterling adjusted)
Five years to 31 July 2018 (rebased to 100 as at 31/07/13)

Diluted NAV Total Return Since Inception vs MSCI AC Asia Pacific ex Japan Index (sterling adjusted)
19 October 1995 to 31 July 2018 (rebased to 100 as at 19/10/95)

Strategic Report

Investment Manager's Review

Hugh Young

Aberdeen Standard Investments (Asia) Limited

It's been a challenging year for the world and its stock markets as a whole. Although the portfolio did decently in absolute terms, delivering 4.6% in returns (with dividends reinvested), it underperformed the MSCI AC Asia Pacific ex Japan Small Cap Index which gained 6.6% over the period. While the Trust has stayed well ahead of the comparative indices over longer time horizons, as your Manager, I want to make every effort to ensure that such longer term outperformance is sustainable and that of course means improving and sharpening what we do as an investment team. Remaining static is simply not an option. Being true to our founding premise that returns come from investing carefully in well run smaller growth companies at the best possible price is fundamental. We just need constantly to enhance our practices and analysis in order to achieve that. Over the past year, your Chairman, the Board and I have spent a considerable amount of time reviewing investment style, strategy and process and are convinced that everything we are doing is heading in the right direction.

On my end, I want to continue to identify new opportunities and new winners in future, in addition to having every comfort that existing investments still bear out their original investment thesis and have not become stale. For instance, we have been increasingly looking at cross-border (and not just within Asia but globally) sectoral factors, so that we can better understand how emerging structural trends such as cloud computing, Internet of Things and electrification affect industries and, importantly, the underlying holdings of the Trust. We have also been deepening our already extensive level of engagement with investee companies in areas like governance and capital management.

In many ways events in the year under review have been overshadowed by events since the year-end. Your Company's financial year was a classic year of two halves – buoyancy in the first, followed by growing concerns in the second which have been exacerbated by escalating US-China tensions, currency swings and a rising oil price.

All the underperformance and more occurred in the first half of the year when markets rose. Investors threw caution to the wind, buying up growth and momentum stocks indiscriminately and paying little heed to fundamentals. Consequently, the portfolio performed much better in the second half despite heightened volatility.

In a sense, the latter-half performance was gratifying because it bears testament to the investment principles that we hold dear: an uncompromising stance on quality and value, which may see the portfolio lag during momentum-driven run-ups but more than hold its own during turbulent times. Indeed, this has so far been borne out by events subsequently as at the time of writing.

We believe that high-quality companies with a sustainable competitive advantage, which have good corporate governance and treat minority shareholders fairly, will be long-term winners. Overly ambitious or heavily indebted companies will come undone at times of stress. In Warren Buffett's words, "only when the tide goes out do you discover who's been swimming naked."

Through the years, your Trust has held many "ten-baggers", to quote another legendary investor Peter Lynch. Examples of holdings that we have held for some time which have performed exceptionally well and where we've recycled profits in these times of volatility include Malaysian brewer Heineken, a holding of twelve years' standing, and industrial lubricants maker Castrol India, coincidentally also held for twelve years, both exited since our year end. Similarly we have also sharply scaled back Jollibee, the Philippines' leading fast food restaurant chain, which has also had a very good run.

Amid the market volatility, we've also been quicker to call time on some holdings where we see diminished prospects for growth and earnings over the longer term, so as to use the proceeds to invest in more compelling options elsewhere at more attractive levels.

Portfolio

For the Managers a benchmark is for measurement not a portfolio construction tool. Aberdeen Standard Investments are buy-and-hold investors meaning in theory a good company is one they may hold forever. They invest in companies that they believe they understand and can value. Companies in the portfolio are held for the longer term; the average holding period for example is eight years. Aberdeen Standard Investments' investment style is characterised by fundamental, first hand research, patience in taking time to build positions and its commitment to engage companies, which as active shareholders is a normal part of their relationship with companies.

Portfolio Ten Largest Investments

As at 31 July 2018

Company	Industry	Country	Valuation 2018 £'000	Total assets %	Valuation 2017 £'000
Hana Microelectronics (Foreign)					
Thai company with diversified product lines in Semiconductor Integrated Circuit packaging and microelectronics, proven management ability to manage through cycles, debt-free balance sheet and strong cash flow.	Electronic Equipment, Instruments & Components	Thailand	15,616	3.2	13,582
Millennium & Copthorne Hotels New Zealand^A					
Owns and operates a chain of hotels across New Zealand and also active in property development there. It is majority owned by London-listed Millennium & Copthorne Hotels.	Hotels, Restaurants & Leisure	New Zealand	14,860	3.1	13,849
Multi Bintang Indonesia					
A well-run Indonesian brewery which has good long-term prospects and steady cash flow.	Beverages	Indonesia	14,170	2.9	12,986
AEON Credit Service (M)^B					
A good-quality financial services provider that is seeing steady growth with well-managed asset quality.	Consumer Finance	Malaysia	13,985	2.9	10,088
Bank OCBC NISP					
Indonesian subsidiary of Singapore-based OCBC Bank.	Banks	Indonesia	13,335	2.7	15,204
AEON Thana Sinsap Thailand (Foreign)					
A consumer financial services provider offering hire purchase and personal loans that continues to maintain good growth momentum.	Consumer Finance	Thailand	13,271	2.7	9,671
M.P. Evans Group					
Owns and operates plantations, both directly and through associated undertakings, with plantation interests in Indonesia and Malaysia.	Food Products	United Kingdom	12,742	2.6	12,573
Ramco Cements					
A mid-sized cement manufacturer in India with a leading market share in the southern region.	Construction Materials	India	12,564	2.6	12,605
Bukit Sembawang Estates					
Singapore-based residential property developer with a large land bank.	Real Estate Management & Development	Singapore	12,209	2.5	14,822
Dah Sing Financial Holdings					
A conservative medium-sized Hong Kong based bank with exposure to both Hong Kong and China. The bank offers appealing valuation and strong asset quality.	Banks	Hong Kong	12,003	2.5	13,340
Top ten investments			134,755	27.7	

^A Holding includes investment in both common and preference lines.

^B Holding includes investment in both equity and convertible bond.

Portfolio Other Investments

As at 31 July 2018

Company	Industry	Country	Valuation 2018 £'000	Total assets %	Valuation 2017 £'000
First Sponsor Group	Real Estate Management & Development	Singapore	11,752	2.4	9,231
Thai Stanley Electric (Foreign)	Auto Components	Thailand	11,250	2.3	8,558
Cebu Holdings	Real Estate Management & Development	Philippines	10,664	2.2	10,175
Shangri-La Hotels Malaysia	Hotels, Restaurants & Leisure	Malaysia	10,481	2.2	8,366
Sanofi India	Pharmaceuticals	India	10,426	2.1	7,989
Kansai Nerolac Paints	Chemicals	India	10,354	2.1	10,566
Tisco Financial Group (Foreign)	Banks	Thailand	10,333	2.1	9,750
Asian Terminals	Transportation Infrastructure	Philippines	9,772	2.0	8,168
City Union Bank	Banks	India	9,730	2.0	9,811
LPI Capital	Insurance	Malaysia	9,165	2.0	11,030
Top twenty investments			238,682	49.1	
United International Enterprises	Food Products	Denmark	9,104	1.9	8,327
Pacific Basin Shipping	Marine	Hong Kong	8,685	1.8	7,278
Gujarat Gas	Gas Utilities	India	8,546	1.8	8,758
ARB Corporation	Auto Components	Australia	8,323	1.7	7,811
AEON Co (M)	Multiline Retail	Malaysia	8,142	1.7	10,135
Lemon Tree Hotels	Hotels, Restaurants & Leisure	India	8,077	1.6	-
Yoma Strategic Holdings	Real Estate Management & Development	Singapore	7,851	1.6	11,431
Eastern Water Resources Development and Management (Foreign)	Water Utilities	Thailand	7,514	1.5	8,630
Ultrajaya Milk Industry & Trading	Food Products	Indonesia	7,011	1.4	5,058
United Plantations	Food Products	Malaysia	6,849	1.4	6,614
Top thirty investments			318,784	65.5	
Convenience Retail Asia	Food & Staples Retailing	Hong Kong	6,744	1.4	7,498
Kingmaker Footwear Holdings	Textiles, Apparel & Luxury Goods	Hong Kong	6,413	1.3	7,193
Wheelock Properties Singapore	Real Estate Management & Development	Singapore	6,104	1.3	5,198
AEON Credit Service (Asia)	Consumer Finance	Hong Kong	5,991	1.2	5,391
John Keells Holdings	Industrial Conglomerates	Sri Lanka	5,641	1.2	4,244
Public Financial Holdings	Banks	Hong Kong	5,585	1.1	7,888
Interjo	Health Care Equipment & Supplies	South Korea	5,443	1.1	4,295
Aegis Logistics	Oil, Gas & Consumable Fuels	India	5,299	1.1	4,014
Hong Kong Economic Times Holdings	Media	Hong Kong	5,256	1.1	6,210
Giordano International	Specialty Retail	Hong Kong	5,171	1.1	6,923
Top forty investments			376,431	77.4	

Company	Industry	Country	Valuation	Total	Valuation
			2018	assets	2017
			£'000	%	£'000
Straits Trading Company	Metals & Mining	Singapore	5,125	1.1	6,260
Mega Lifesciences (Foreign)	Pharmaceuticals	Thailand	5,113	1.0	2,467
Jollibee Foods Corporation	Hotels, Restaurants & Leisure	Philippines	5,003	1.0	8,635
Commercial Bank of Ceylon	Banks	Sri Lanka	4,676	0.9	5,246
Thaire Life Assurance (Foreign)	Insurance	Thailand	4,333	0.9	4,231
Oriental Holdings	Automobiles	Malaysia	4,265	0.9	1,926
Sunonwealth Electric Machinery Industry	Machinery	Taiwan	4,195	0.9	-
Basso Industry Corporation	Household Durables	Taiwan	4,012	0.8	4,914
The Hong Kong & Shanghai Hotels	Hotels, Restaurants & Leisure	Hong Kong	3,939	0.8	4,904
SBS Transit	Road & Rail	Singapore	3,697	0.8	3,704
Top fifty investments			420,789	86.5	
Sporton International	Commercial and Professional Services	Taiwan	3,562	0.8	-
Heineken Malaysia	Beverages	Malaysia	3,521	0.7	7,167
United Malacca	Food Products	Malaysia	3,465	0.7	3,381
Haad Thip (Foreign)	Beverages	Thailand	3,328	0.7	2,956
Concepcion Industrial Corp	Building Products	Philippines	3,205	0.7	3,555
AEON Stores Hong Kong	Multiline Retail	Hong Kong	3,165	0.7	5,683
Riverstone Holdings	Commercial and Professional Services	Singapore	3,110	0.6	3,003
CDL Hospitality Trusts	Equity Real Estate Investment Trusts	Singapore	2,667	0.5	2,629
YHN Property	Real Estate Management & Development	Malaysia	2,618	0.5	4,521
NZX	Capital Markets	New Zealand	2,405	0.5	-
Top sixty investments			451,835	92.9	
Tasek Corporation	Construction Materials	Malaysia	2,289	0.5	4,123
AEM Holdings	Diversified Telecommunication Services	Singapore	2,282	0.5	-
Manulife Holdings	Insurance	Malaysia	2,205	0.5	1,154
Castrol India	Chemicals	India	2,177	0.4	5,732
Holcim Indonesia	Construction Materials	Indonesia	2,125	0.4	2,371
Maple Leaf Cement	Construction Materials	Pakistan	2,069	0.4	2,197
Goodyear Thailand (Foreign)	Auto Components	Thailand	1,954	0.4	2,188
DFCC Bank	Banks	Sri Lanka	1,883	0.4	2,394
ORIX Leasing Pakistan	Consumer Finance	Pakistan	1,871	0.4	2,072
Asia Satellite Telecommunications Holdings	Diversified Telecommunication Services	Hong Kong	1,138	0.2	1,848
Top seventy investments			471,828	97.0	

Portfolio
Other Investments continued
As at 31 July 2018

Company	Industry	Country	Valuation	Total	Valuation
			2018	assets	2017
			£'000	%	£'000
National Development Bank	Banks	Sri Lanka	993	0.2	1,210
Aitken Spence & Co	Industrial Conglomerates	Sri Lanka	794	0.2	1,095
CDL Investments New Zealand	Real Estate Management & Development	New Zealand	745	0.1	708
Wintermar Offshore Marine	Energy Equipment & Services	Indonesia	674	0.1	715
G3 Exploration	Chemicals	Hong Kong	493	0.1	-
Chevron Lubricants Lanka	Chemicals	Sri Lanka	389	0.1	835
Mustika Ratu	Personal Products	Indonesia	181	0.1	222
Total investments			476,097	97.9	
Net current assets (before deducting prior charges^c)			9,947	2.1	
Total assets^c			486,044	100.0	

^c See definition on page 92.

All investments are in equities unless otherwise stated.

Portfolio
Sector/Geographical Analysis
As at 31 July 2018

Sector Breakdown

Geographic Breakdown

Governance

The Directors, all of whom are non-executive and the majority of whom are independent of the Manager and Investment Manager supervise the management of the Company and represent the interests of shareholders.

The business of the Company is that of an investment trust investing in the economies of Asia and Australasia excluding Japan. The Directors do not envisage any change in this activity in the foreseeable future. The Company is registered as a public limited company in England and Wales and is an investment company as defined by Section 833 of the Companies Act 2006. The Company is also a member of the Association of Investment Companies.

Governance

Your Board of Directors

The current Directors details, all of whom are non-executive and the majority of whom are independent of the Manager and Investment Manager, are set out below. The Directors supervise the management of the Company and represent the interests of shareholders.

Nigel Cayzer

Status:

Independent Non-Executive Chairman

Length of service:

23 years, appointed Chairman on 28 September 1995

Experience:

Chairman of Oryx International Growth Fund Limited and a director of a number of other investment companies.

Last re-elected to the Board:

1 December 2017

Committee membership:

Nomination Committee (Chairman) and Management Engagement Committee

Remuneration:

£35,000 per annum

All other public company directorships:

Oryx International Growth Fund Limited

Employment by the Manager:

None

Other connections with Trust or Manager:

None

Shared Directorships with any other Trust Directors:

None

Shareholding in Company:

Nil

Randal Alexander McDonnell, Viscount Dunluce

Status:

Independent Non-Executive Director

Length of service:

5 years, appointed a Director on 1 July 2013

Experience:

A Partner of Sarasin & Partners LLP responsible for the management of private client and charity portfolios as well as self-invested personal pension schemes. He is chairman of Sarasin's London partnership. He is also a non-executive director of a number of other private companies.

Last re-elected to the Board:

29 November 2016

Committee membership:

Management Engagement Committee, Nomination Committee and Audit Committee

Remuneration:

£27,000

All other public company directorships:

None

Employment by the Manager:

None

Other connections with Trust or Manager:

None

Shared Directorships with any other Trust Directors:

None

Shareholding in Company:

848 Ordinary shares

Haruko Fukuda OBE

Status:

Independent Non-Executive Director

Length of service:

15 years, appointed a Director on 30 January 2003

Experience:

Previously chief executive of the World Gold Council. She was vice chairman of Nikko Europe PLC and a Partner of James Capel & Co. She was a non-executive director of the Foreign & Colonial Investment Trust PLC for seventeen years until May 2005 and has been a director of several other investment trust companies.

Last re-elected to the Board:

1 December 2017

Committee membership:

Management Engagement Committee and Nomination Committee

Remuneration:

£27,000 per annum

All other public company directorships:

Global Resources Investment Trust plc

Employment by the Manager:

None

Other connections with Trust or Manager:

None

Shared Directorships with any other Trust Directors:

None

Shareholding in Company:

3,566 Ordinary shares

Martin Gilbert

Status:

Non-Executive Director

Length of service:

23 years, appointed a Director on 20 September 1995

Experience:

Qualified as a chartered accountant in 1982 and thereafter pursued a career in investment management.

Last re-elected to the Board:

1 December 2017

Committee membership:

None

Remuneration:

Nil

All other public company directorships:

Standard Life Aberdeen plc, Aberdeen Global Income Fund Inc., Aberdeen Asia-Pacific Income Investment Company Ltd, Aberdeen Asia Pacific Income Fund Inc., Glencore plc, The India Fund, Inc. and The Asia Tigers Fund, Inc.

Employment by the Manager:

Co-Chief executive of Standard Life Aberdeen plc

Other connections with Trust or Manager:

Director of a number of other Aberdeen Standard Investments-managed investment companies

Shared Directorships with any other Trust Directors:

None

Shareholding in Company:

106,250 Ordinary shares

Alternate Director: Hugh Young

Governance

Your Board of Directors continued

Chris Maude

Status:

Independent Non-Executive Director

Length of service:

11 years, appointed a Director on 16 May 2007

Experience:

Co-founded RWC Partners Limited, an independent asset management company, in 2000 where he was the finance director. He spent the previous eleven years in Asia initially as finance director at James Capel in Hong Kong before being recruited by UBS Securities (East Asia) Limited as regional finance director in Singapore. Mr Maude is a chartered accountant and holds a degree in Engineering from Cambridge University.

Last re-elected to the Board:

1 December 2017

Committee membership:

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

Remuneration: £30,000 per annum

All other public company directorships: None

Employment by the Manager:

None

Other connections with Trust or Manager:

None

Shared Directorships with any other Trust Directors:

None

Shareholding in Company:

37,300 Ordinary shares

Philip Yea

Status:

Independent Non-Executive Director

Length of service:

4 years, appointed a Director on 23 January 2014

Experience:

Chief executive of 3i Group plc until 2009 and prior to that served as a managing director at Investcorp Bank the Bahrain listed private equity firm and was group finance director at Diageo plc. He is currently chairman of Greene King plc and Equiniti Group Plc, a director of Marshall of Cambridge (Holdings) Limited and was formerly a trustee director of the Francis Crick Institute.

Last re-elected to the Board:

1 December 2017

Committee membership:

Audit Committee, Management Engagement Committee and Nomination Committee

Remuneration:

£27,000 per annum

All other public company directorships:

None

Employment by the Manager:

None

Other connections with Trust or Manager:

None

Shared Directorships with any other Trust Directors:

None

Shareholding in Company:

2,063 Ordinary shares

Hugh Young

Status:

Alternate Non-Executive Director for Martin Gilbert

Experience:

Previously an investment manager with Fidelity International and MGM Assurance prior to joining what is now Aberdeen Asset Managers Limited in December 1985. He is managing director of Aberdeen Standard Investments (Asia) Limited, responsible for all the Manager's investments in Asia.

Remuneration:

Nil

All other public company directorships:

Aberdeen New Dawn Investment Trust PLC, Aberdeen Asian Income Fund Limited, Aberdeen Australia Equity Fund Inc., Aberdeen Asia-Pacific Income Investment Company Limited Aberdeen Liquidity Fund (Lux) and The India Fund, Inc.

Employment by the Manager:

Managing Director of Aberdeen Standard Investments (Asia) Limited and a director of a number of other Aberdeen Standard Investments-managed investment companies

Other connections with Trust or Manager:

None

Shareholding in Company:

149,535 Ordinary shares

Governance

Directors' Report

The Directors present their Report and the audited financial statements for the year ended 31 July 2018.

On 9 November 2018 Aberdeen Asian Smaller Companies Investment Trust PLC changed its name to Aberdeen Standard Asia Focus PLC by way of a Directors' resolution passed in accordance with the Articles of Association of the Company.

Results and Dividends

Details of the Company's results and proposed dividends are shown on pages 14 and 15 of this Report.

Investment Trust Status

The Company (registered in England & Wales No. 03106339) has been accepted by HM Revenue & Customs as an investment trust subject to the Company continuing to meet the relevant eligibility conditions of Section 1158 of the Corporation Tax Act 2010 and the ongoing requirements of Part 2 Chapter 3 Statutory Instrument 2011/2999 for all financial years commencing on or after 1 August 2012. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 July 2018 so as to enable it to comply with the ongoing requirements for investment trust status.

Individual Savings Accounts

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

Capital Structure, Buybacks and Issuance

The Company's capital structure is summarised in note 14 to the financial statements. At 31 July 2018, there were 35,208,272 fully paid Ordinary shares of 25p each (2017 – 34,813,725 Ordinary shares) in issue with a further 6,507,012 Ordinary shares of 25p held in treasury (2017 – 4,369,874 treasury shares). During the year 2,137,138 Ordinary shares were purchased in the market for treasury (2017 – 1,091,750). Subsequent to the period a further 524,500 Ordinary shares have been purchased in the market for treasury. During the period and up to the date of this report no new Ordinary shares were issued for cash at a premium to the prevailing NAV per share and no shares were sold from treasury.

On 13 December 2017, 2,687,937 units of Convertible Unsecured Loan Stock 2019 were converted into 323,835 new Ordinary shares. In accordance with the terms of the CULS Issue, the conversion price of the CULS was determined at 830.0 pence nominal of CULS for one Ordinary share.

Reorganisation of CULS 2019

On 23 May 2018 Ordinary shareholders and CULS 2019 holders approved a scheme to reorganize the CULS 2019. CULS 2019 holders were offered a final opportunity to convert into Ordinary shares on the basis of one Ordinary share for every 830 pence of CULS 2019 nominal held. CULS 2019 holders were also offered an alternative option (the Reinvestment Scheme) to have their CULS 2019 purchased from them and reinvested into a new 2025 CULS on the basis of a reinvestment price of 127.7 pence of CULS 2025 for each 100 pence of CULS 2019 held (with the reinvestment price having been based upon the unaudited NAV (fully diluted and including income) per Ordinary share as at the close of business on 18 May 2018 and the average discount at which the Ordinary shares had traded over the preceding ten dealing days). 18,325,551 Units of CULS 2019 elected to convert into 2,207,850 new Ordinary shares which were issued on 29 May 2018.

On 29 May 2018 the Company issued £37 million of new CULS 2025. The interest rate on the CULS is 2.25% per annum, payable semi-annually in arrears on 30 November and 31 May in each year. CULS holders are entitled to convert their CULS into Ordinary shares every six months from 30 November 2018 until 31 May 2025. In accordance with the terms of the CULS Issue, the conversion price of the CULS was determined at 1465.0 pence nominal of CULS for one Ordinary share, which represented a 20% premium to the published (unaudited) NAV per Ordinary share (fully diluted and including income) at close of business on 18 May 2018. CULS holders have the right to receive notice of, but not to attend, Annual General Meetings of the Company.

Voting Rights

Ordinary shareholders are entitled to vote on all resolutions which are proposed at general meetings of the Company. The ordinary shares carry a right to receive dividends. On a winding up, after meeting the liabilities of the Company, the surplus assets will be paid to Ordinary shareholders in proportion to their shareholdings.

CULS holders have the right to attend but not vote at general meetings of the Company. A separate resolution of CULS holders would be required to be passed before any modification or compromise of the rights attaching to the CULS can be made.

Borrowings

The Company has a three year multicurrency revolving loan facility and a term loan facility in an aggregate amount of US\$25 million with The Royal Bank of Scotland International Limited, London Branch. Under the term

loan facility US\$12.5 million has been drawn down and fixed for three years to June 2020 at an all-in rate of 2.506%. Under the revolving loan facility a further \$10 million has been drawn down. Up to US\$2.5 million remains available for drawing in the future under the revolving loan facility. At the year end US\$22.5 million had been drawn down under the facilities.

Management Agreement

The Company has appointed Aberdeen Fund Managers Limited ("AFML"), a wholly owned subsidiary of Standard Life Aberdeen plc, as its alternative investment fund manager. AFML has been appointed to provide investment management, risk management, administration and company secretarial services and promotional activities to the Company. The Company's portfolio is managed by Aberdeen Standard Investments (Asia) Limited ("ASI Asia") which changed its name from Aberdeen Asset Management Asia Limited on 3 September 2018, by way of a group delegation agreement in place between AFML and ASI Asia. In addition, AFML has sub-delegated administrative and secretarial services to Aberdeen Asset Management PLC and promotional activities to Aberdeen Asset Managers Limited ("AAML").

Old Management Fee to 31 October 2018

During the year and up to 31 October 2018 an investment management fee was payable monthly in arrears based on an annual amount of 1.0% calculated on the average net asset value of the Company over a 24 month period, valued monthly. The fee was calculated by reference to the value of the Company's net assets (gross assets less liabilities excluding the amount of any loan facilities or overdraft facilities drawn down). Details of the management fees and fees payable for promotional activities are shown in notes 4 and 5 to the financial statements.

New Management Fee from 1 November 2018

With effect from 1 November 2018, a new fee arrangement has been agreed with the Manager. The new fee will continue to be payable monthly in arrears but at the rate of 0.08% of the Market Cap (as defined below) per calendar month, exclusive of Value Added Tax where applicable. "Market Cap" for the above is defined as the market capitalisation of the Company, based on the closing Ordinary share price quoted on the London Stock Exchange multiplied by the Ordinary shares in issue (less the number of any Ordinary shares held in Treasury), as determined on the last Business Day of the applicable calendar month to which the remuneration relates.

The management agreement may be terminated by either the Company or the Manager on the expiry of twelve

months' written notice. On termination, the Manager would be entitled to receive fees which would otherwise have been due to that date.

The introduction of the new management fee constitutes a smaller related party transaction for the purpose of LR 11.1.10 R of the Financial Conduct Authority's Listing Rules.

The Management Engagement Committee reviews the terms of the management agreement on a regular basis and have confirmed that, due to the long-term relative performance, investment skills, experience and commitment of the investment management team, in their opinion the continuing appointment of AFML and ASI Asia is in the interests of shareholders as a whole.

Political and Charitable Donations

The Company does not make political donations (2017 - nil) and has not made any charitable donations during the year (2017 - nil).

Risk Management

Details of the financial risk management policies and objectives relative to the use of financial instruments by the Company are set out in note 18 to the financial statements.

The Board

The current Directors, Messrs N K Cayzer, Randal McDonnell (Viscount Dunluce), M J Gilbert (alternate H Young), C S Maude, P Yea and Ms H Fukuda were the only Directors who served during the year. Messrs Cayzer, Maude and Ms Fukuda have each served on the Board for more than nine years and, in accordance with corporate governance best practice, will retire at the Annual General Meeting ("AGM") on 16 January 2019 and, being eligible, offer themselves for re-election. Mr Gilbert has served on the Board for more than nine years and is also deemed not to be independent as he is a representative of the Manager, and therefore, in accordance with corporate governance best practice, Mr Gilbert will also retire at the AGM on 16 January 2019 and, being eligible, offers himself for re-election. Mr Maude has indicated that he intends to retire from the Board with effect from 31 March 2019.

The Board considers that there is a balance of skills and experience within the Board relevant to the leadership and direction of the Company and that all the Directors contribute effectively

In common with most investment trusts, the Company has no employees. Directors' & Officers' liability insurance

Governance

Directors' Report continued

cover has been maintained throughout the year at the expense of the Company.

Corporate Governance

The Company is committed to high standards of corporate governance. The Board is accountable to the Company's shareholders for good governance and, as required by the Listing Rules of the UK Listing Authority, has applied the principles identified in the UK Corporate Governance Code (published in April 2016). The UK Corporate Governance Code is available on the Financial Reporting Council's website: frc.org.uk.

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

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

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive (A.1.2);
- executive directors' remuneration (D.2.1 and D.2.2);
- and the need for an internal audit function (C.3.6).

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

During the year ended 31 July 2018, the Board had six scheduled meetings and a further three Board meetings to consider and approve the proposals for reorganisation of the CULS 2019. In addition, the Audit Committee met twice and the Management Engagement Committee met once. Between meetings the Board maintains regular

contact with the Manager. Directors have attended the following scheduled Board meetings and Committee meetings during the year ended 31 July 2018 (with their eligibility to attend the relevant meeting in brackets):

Director	Board	Audit Committee	Management	
			Nomination Committee	Engagement Committee
N Cayzer ^A	6 (6)	n/a	1 (1)	1 (1)
Viscount				
Dunluce	6 (6)	2 (2)	1 (1)	1 (1)
H Fukuda ^A	6 (6)	n/a	1 (1)	1 (1)
M Gilbert ^{ABC}	5 (6)	n/a	0 (1)	0 (1)
P Yea	6 (6)	2 (2)	1 (1)	1 (1)
C Maude	5 (6)	2 (2)	1 (1)	1 (1)

^A Mr Cayzer, Mr Gilbert and Ms Fukuda are not members of the Audit Committee.

^B Including attendance by Mr Young as Alternate Director to Mr Gilbert.

^C Mr Gilbert resigned from the Nomination Committee from 1 August 2018

Policy on Tenure

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

The Board has noted that shareholder proxies representing 20.8% of the issued capital voted against the annual re-election of Mr Gilbert at the AGM held on 1 December 2017. The Board supports the democratic process which saw substantial support from the shareholders with proxies representing 79.2% having voted in favour of Mr Gilbert's reappointment to the Board. Furthermore, on the day of the meeting the 50 or so shareholders in attendance at the AGM voted unanimously in favour of Mr Gilbert's reappointment, on a show of hands. The Board notes that management representation on Boards is seen by some shareholders as a negative due to concerns over conflicts of interest. However, the Board has confirmed that it has a rigorous procedure in place to ensure that only independent Directors are permitted to be present when any matters relating to the Manager are discussed and this process is enforced strictly. The Board notes that some shareholders may perceive that Mr Gilbert, as co Chief Executive of the Manager, does not have time to dedicate to the Company. The attendance table contained within the Annual Report shows that this is not the case with Martin, or his alternate, having attended five out of the six scheduled Board meetings in the year to 31 July 2018. The Board notes that some shareholders may see longevity on the

Board as a negative. The Board is compliant with the terms of the Association of Investment Companies' (AIC) rules relating to Corporate Governance and time served on boards and will continue to ensure that it meets these rules in the future. The Board has a mix of longer serving and more recently appointed Directors and the experience of the longer serving Directors has served the Company very well through the investment cycles of the last 20+ years and is valued by the Board as a whole. The Board takes comfort from the fact that it is able to command the support of Martin and his continuing desire to remain on this Board which is a very real benefit to the Company in terms of maintaining the Company's visibility within the enlarged Standard Life Aberdeen Group.

Board Committees

Audit Committee

The Audit Committee Report is on pages 44 to 46 of this Annual Report.

Nomination Committee

All appointments to the Board of Directors are considered by the Nomination Committee which comprises all of the Directors except Mr Gilbert and his Alternate Mr Young and is chaired by Mr Cayzer. The Board's overriding priority in appointing new Directors to the Board is to identify the candidate with the best range of skills and experience to complement existing Directors. The Board also recognises the benefits of diversity and its policy on diversity is referred to in the Strategic Report on page 12.

During the year the Nomination Committee initiated a search to find a new independent non executive Director, using the services of Fletcher Jones, an independent search consultant which has, from time to time, supplied recruitment services to the Company with the last engagement having been concluded in 2013. The Directors drew up a specification for the appointment and interviewed a shortlist of suitable candidates. Following review the Board has chosen to appoint Ms Deborah Guthrie and Ms Charlotte Black as independent non executive Directors of the Company both with effect from the conclusion of the Annual General Meeting on 16 January 2019. Further details on the new appointees are provided in the Chairman's Statement.

Management Engagement Committee

The Management Engagement Committee comprises all of the Directors except Mr Gilbert and his Alternate Mr Young and is chaired by Mr Maude. The Committee reviews the performance of the Investment Manager and its compliance with the terms of the management and secretarial agreement. The terms and conditions of the Investment Manager's appointment, including an evaluation of fees, are reviewed by the Committee on an

annual basis. The Committee believes that the continuing appointment of the Manager on the terms agreed is in the interests of shareholders as a whole.

Remuneration Committee

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

Accordingly, matters relating to remuneration are dealt with by the full Board, which acts as the Remuneration Committee, and is chaired by Mr Cayzer.

The Company's remuneration policy is to set remuneration at a level to attract individuals of a calibre appropriate to the Company's future development. Further information on remuneration is disclosed in the Directors' Remuneration Report on pages 40 to 42.

Terms of Reference

The terms of reference of all the Board Committees may be found on the Company's website asia-focus.co.uk and copies are available from the Company Secretary upon request. The terms of reference are reviewed and re-assessed by the Board for their adequacy on an annual basis.

Going Concern

In accordance with the Financial Reporting Council's guidance the Directors have undertaken a rigorous review of the Company's ability to continue as a going concern. The Board has set limits for borrowing and regularly reviews the level of any gearing, cash flow projections and compliance with banking covenants.

The Directors are mindful of the principal risks and uncertainties disclosed on pages 10 and 11 and the Viability Statement on pages 12 and 13 and have reviewed forecasts detailing revenue and liabilities and they 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 believe that it is appropriate to continue to adopt the going concern basis in preparing the Financial Statements.

Management of Conflicts of Interest

The Board has a procedure in place to deal with a situation where a Director has a conflict of interest. As part of this process, the Directors prepare a list of other positions held and all other conflict situations that may need to be authorised either in relation to the Director concerned or his connected persons. The Board considers each Director's situation and decides whether to approve any conflict, taking into consideration what is in the best

Governance

Directors' Report continued

interests of the Company and whether the Director's ability to act in accordance with his or her wider duties is affected. Each Director is required to notify the Company Secretary of any potential, or actual, conflict situations that will need authorising by the Board. Authorisations given by the Board are reviewed at each Board meeting.

No Director has a service contract with the Company although Directors are issued with letters of appointment upon appointment. The Directors' interests in contractual arrangements with the Company are as shown in note 17 to the financial statements. No other Directors had any interest in contracts with the Company during the period or subsequently.

The Board has adopted appropriate procedures designed to prevent bribery. The Company receives periodic reports from its service providers on the anti-bribery policies of these third parties. It also receives regular compliance reports from the Manager.

The Criminal Finances Act 2017 has introduced a new corporate criminal offence of "failing to take reasonable steps to prevent the facilitation of tax evasion". The Board has confirmed that it is the Company's policy to conduct all of its business in an honest and ethical manner. The Board takes a zero-tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country.

Accountability and Audit

The respective responsibilities of the Directors and the auditor in connection with the financial statements are set out on pages 43 and 52 respectively.

Each Director confirms that:

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

Additionally there have been no important events since the year end that impact this Annual Report.

The Directors have reviewed the level of non-audit services provided by the independent auditor during the year, together with the independent auditor's procedures in connection with the provision of such services, and remain satisfied that the auditor's objectivity and independence is being safeguarded.

Independent Auditor

The auditor, Ernst & Young LLP, has indicated its willingness to remain in office. The Directors will place a resolution before the Annual General Meeting to re-appoint Ernst & Young LLP as auditor for the ensuing year, and to authorise the Directors to determine its remuneration.

Internal Control

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness and 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 year under review and up to the date of approval of this Annual Report and Accounts. It is regularly reviewed by the Board and accords with the FRC 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 Directors have delegated the investment management of the Company's assets to the Standard Life Aberdeen Group within overall guidelines, and this embraces implementation of the system of internal control, including financial, operational and compliance controls and risk management. Internal control systems are monitored and supported by the Standard Life Aberdeen Group's internal audit function which undertakes periodic examination of business processes, including compliance with the terms of the management agreement, and ensures that recommendations to improve controls are implemented.

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

The significant risks faced by the Company have been identified as being financial; operational; and compliance-related.

The key components of the process designed by the Directors to provide effective internal control are outlined below:

- the Manager prepares forecasts and management accounts which allow the Board to assess the Company's activities and review its performance;
- the Board and 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 Manager and Investment Manager as appropriate;
- as a matter of course the Manager's compliance department continually reviews Aberdeen Standard Investments' operations and reports to the Board on a six monthly basis;
- written agreements are in place which specifically define the roles and responsibilities of the Manager and other third party service providers and, where relevant, ISAE3402 Reports, a global assurance standard for reporting on internal controls for service organisations, or their equivalents are reviewed;
- the Board has considered the need for an internal audit function but, because of the compliance and internal control systems in place within Aberdeen Standard Investments, has decided to place reliance on the Manager's systems and internal audit procedures; and
- at its September 2018 meeting, the Audit Committee carried out an annual assessment of internal controls for the year ended 31 July 2018 by considering documentation from the Manager, Investment Manager and the Depositary, including the internal audit and compliance functions and taking account of events since 31 July 2018. The results of the assessment, that internal controls are satisfactory, 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.

Substantial Interests

The Board has been advised that the following shareholders owned 3% or more of the issued Ordinary share capital of the Company at 31 July 2018:

Shareholder	No. of Ordinary shares held	% held
City of London Investment Management	3,698,602	10.5
Aberdeen Standard Investments Savings Scheme (non-beneficial)	3,106,529	8.8
Funds managed by Aberdeen Standard Investments	2,255,961	6.4
Hargreaves Lansdown	2,096,058	5.9
Wells Capital Management	2,066,095	5.9
Alliance Trust Savings	1,717,021	4.9
Investec Wealth & Management	1,621,829	4.6
Charles Stanley	1,540,645	4.4

On 30 October 2018 City of London Investment Management notified the Company that it had increased its interest in the Company to 3,822,245 Ordinary shares representing 11.0% of the issued capital. There have been no other significant changes notified in respect of the above holdings between 31 July 2018 and 9 November 2018.

The UK Stewardship Code and Proxy Voting

Responsibility for actively monitoring the activities of portfolio companies has been delegated by the Board to the AIFM which has sub-delegated that authority to the Investment Manager.

The full text of the Company's response to the Stewardship Code may be found on the Company's website.

Relations with Shareholders

The Directors place a great deal of importance on communication with shareholders. The Annual Report is 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 Manager's freephone information service and the Company's website asia-focus.co.uk. The Company responds to letters from shareholders on a wide range of issues.

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

Governance

Directors' Report continued

The Notice of the Annual General Meeting, included within the Annual Report and Accounts, is sent out at least 20 working days in advance of the meeting. All shareholders have the opportunity to put questions to the Board or the Manager, either formally at the Company's Annual General Meeting or at the subsequent buffet luncheon for shareholders. The Company Secretary is available to answer general shareholder queries at any time throughout the year.

Special Business at the Annual General Meeting

Directors' Authority to Allot Relevant Securities
Approval is sought in Resolution 10, an ordinary resolution, to renew the Directors' existing general power to allot securities but will also, provide a further authority (subject to certain limits), to allot shares under a fully pre-emptive rights issue. The effect of Resolution 10 is to authorise the Directors to allot up to a maximum of 23,122,514 shares in total (representing approximately 2/3 of the existing issued capital of the Company, of which a maximum of 11,561,257 shares (approximately 1/3 of the existing issued share capital) may only be applied to fully pre-emptive rights issues. This authority is renewable annually and will expire at the conclusion of the next Annual General Meeting in 2020. The Board has no present intention to utilise this authority.

Disapplication of Pre-emption Rights

Resolution 11 is a special resolution that seeks to renew the Directors' existing authority until the conclusion of the next Annual General Meeting to make limited allotments of shares for cash of up to 10% of the issued share capital other than according to the statutory pre-emption rights which require all shares issued for cash to be offered first to all existing shareholders.

This authority includes the ability to sell shares that have been held in treasury (if any), having previously been bought back by the Company. The Board has established guidelines for treasury shares and will only consider buying in shares for treasury at a discount to their prevailing NAV and selling them from treasury at or above the then prevailing NAV.

New shares issued in accordance with the authority sought in Resolution 10 will always be issued at a premium to the NAV per Ordinary share at the time of issue. The Board will issue new Ordinary shares or sell Ordinary shares from treasury for cash when it is appropriate to do so, in accordance with its current policy. It is therefore possible that the issued share capital of the Company may change between the date of this document and the Annual General Meeting and therefore the authority sought will be in respect of 10% of the issued

share capital as at the date of the Annual General Meeting rather than the date of this document.

Purchase of the Company's Shares

Resolution 12 is a special resolution proposing to renew the Directors' authority to make market purchases of the Company's shares in accordance with the provisions contained in the Companies Act 2006 and the Listing Rules of the Financial Conduct Authority. The minimum price to be paid per Ordinary share by the Company will not be less than 25p per share (being the nominal value) and the maximum price should not be more than the higher of (i) 5% above the average of the middle market quotations for the shares for the preceding five business days; 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.

The Directors do not intend to use this authority to purchase the Company's Ordinary shares unless to do so would result in an increase in NAV per share and would be in the interests of shareholders generally. The authority sought will be in respect of 14.99% of the issued share capital as at the date of the Annual General Meeting rather than the date of this document.

The authority being sought in Resolution 12 will expire at the conclusion of the Annual General Meeting in 2020 unless it is renewed before that date. Any Ordinary shares purchased in this way will either be cancelled and the number of Ordinary shares will be reduced accordingly or under the authority granted in Resolution 10 above, may be held in treasury.

If Resolutions 10 to 12 are passed then an announcement will be made on the date of the Annual General Meeting which will detail the exact number of Ordinary shares to which each of these authorities relate.

These powers will give the Directors additional flexibility going forward and the Board considers that it will be in the interests of the Company that such powers be available. Such powers will only be implemented when, in the view of the Directors, to do so will be to the benefit of shareholders as a whole.

Notice of Meetings

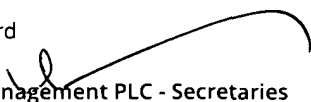
Resolution 13 is a special resolution seeking to authorise the Directors to call general meetings of the Company (other than Annual General Meetings) on 14 days' notice. This approval will be effective until the Company's next Annual General Meeting in 2020. In order to utilise this shorter notice period, the Company is required to ensure that shareholders are able to vote electronically at the general meeting called on such short notice. The Directors

confirm that, in the event that a general meeting is called, they will give as much notice as practicable and will only utilise the authority granted by Resolution 13 in limited and time sensitive circumstances.

Recommendation

Your Board considers Resolutions 10 to 13 to be in the *best interests of the Company and its members as a whole* and most likely to promote the success of the Company for the benefit of its members as a whole. Accordingly, your Board unanimously recommends that shareholders should vote in favour of Resolutions 10 to 13 to be proposed at the AGM, as they intend to do in respect of their own beneficial shareholdings amounting to 299,562 Ordinary shares.

By order of the Board


PP Aberdeen Asset Management PLC - Secretaries
Bow Bells House
1 Bread Street
London EC4M 9HH

9 November 2018

Governance

Directors' Remuneration Report

The Board has prepared this report in accordance with the regulations governing the disclosure and approval of Directors' remuneration. This Directors' Remuneration Report comprises three parts:

1. **Remuneration Policy** which is subject to a binding shareholder vote every three years (or sooner if varied during this interval) – most recently voted on at the AGM on 1 December 2017;
2. **Implementation Report** which provides information on how the Remuneration Policy has been applied during the year and which is subject to an advisory vote on the level of remuneration paid during the year; and
3. **Annual Statement.**

The law requires the Company's Auditor to audit certain of the disclosures provided. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the report on pages 48 to 53.

Remuneration Policy

The Directors' Remuneration Policy takes into consideration the principles of UK Corporate Governance and there have been no changes to the policy during the period of this Report nor are there any proposals for the foreseeable future.

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

The Directors are non-executive and the Company's Articles of Association limit the annual aggregate fees payable to the Board of Directors to £225,000 per annum. This cap may be increased by shareholder resolution from time to time and was last increased at the Annual General Meeting held in December 2013.

	31 July 2018 £	31 July 2017 £
Chairman	35,000	30,000
Chairman of Audit Committee	30,000	26,000
Director	27,000	23,000

Subject to this overall limit, the Board's policy is that the remuneration of non-executive Directors should reflect the nature of their duties, responsibilities and the value of their time spent and be fair and comparable to that of

other investment trusts that are similar in size, have a similar capital structure and have a similar investment objective.

Appointment

- The Company only intends to appoint non-executive Directors.
- All the Directors are non-executive appointed under the terms of Letters of Appointment.
- Directors must retire and be subject to re-election at the first AGM after their appointment, and at least every three years thereafter.
- New appointments to the Board will be placed on the fee applicable to all Directors at the time of appointment (currently £27,000 per annum).
- No incentive or introductory fees will be paid to encourage a Directorship.
- The Directors are not eligible for bonuses, pension benefits, share options, long term incentive schemes or other benefits.
- Directors are entitled to re-imbursment of out-of-pocket expenses incurred in connection with the performance of their duties, including travel expenses.
- The Company indemnifies its Directors for all costs, charges, losses, expenses and liabilities which may be incurred in the discharge of duties, as a Director of the Company.

Performance, Service Contracts, Compensation and Loss of Office

- The Directors' remuneration is not subject to any performance-related fee.
- No Director has a service contract.
- With the exception of Mr Gilbert (and his Alternate Mr Young) and Mr Yea, no Director has an interest in any contracts with the Company during the period or subsequently.
- The terms of appointment provide that a Director may be removed upon three months' notice.
- Compensation will not be due upon leaving office.
- No Director is entitled to any other monetary payment or to any assets of the Company.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors. Under the Articles, the Company indemnifies each of the Directors out of the assets of the Company against any liability incurred by them as a Director in defending proceedings or in connection with any application to the Court in which relief is granted and separate deeds of indemnity exist in this regard between the Company and each Director.

Implementation Report

Directors' Fees

In September 2017 the Board carried out its annual review of the level of fees payable to Directors including a review of comparable peer group directors' fees. Following the review it was concluded that the fees should be increased with effect from 1 October 2017, to £35,000, £30,000 and £27,000 for the Chairman, Audit Committee Chairman and other Directors, respectively. This represents the first increase in Directors' fees since May 2011 and serves to bring the Company closer to the median level for fees payable to the wider peer group. The increase is also a reflection of the increased work load and general responsibilities expected from directors of listed companies over the last six and a half years. There are no further fees to disclose as the Company has no employees, chief executive or executive directors.

Company Performance

The following chart illustrates the total shareholder return (including reinvested dividends) for a holding in the Company's shares as compared to the MSCI AC Asia Pacific ex Japan Index (in Sterling terms) for the nine year period to 31 July 2018 (rebased to 100 at 31 July 2009). Given the absence of any meaningful index with which to compare performance, this index is deemed to be the most appropriate one against which to measure the Company's performance.

Statement of Voting at General Meeting

At the Company's last Annual General Meeting, held on 1 December 2017, shareholders approved the Directors' Remuneration Report in respect of the year ended 31 July 2017 and the following proxy votes were received on the resolutions:

Resolution	For*	Against	Withheld
(2) Receive and Adopt Directors' Remuneration Report	14.48m (99.9%)	20,218 (0.1%)	35,005
(3) To approve the Directors' Remuneration Policy	14.46m (99.8%)	34,192 (0.2%)	40,641

* Including discretionary votes

Spend on Pay

As the Company has no employees, the Board does not consider it appropriate to present a table comparing remuneration paid to Directors with distributions to shareholders. Fees are pro-rated where a change takes place during a financial year.

The total fees paid to Directors are shown below.

Audited Information

Fees Payable

The Directors who served in the year received the following fees which exclude employers' NI and any VAT payable:

	2018 £	2017 £
Director		
N K Cayzer (Chairman and highest paid Director)	34,167	30,000
Viscount Dunluce	26,333	23,000
H Fukuda	26,333	23,000
M J Gilbert ^A	17,333	23,000
P Yea	26,333	23,000
C S Maude (Audit Committee Chairman)	29,333	26,000
M Hadsley-Chaplin ^B	-	7,603
Total	159,832	155,603

^A Plus applicable VAT.

^B Mr Hadsley-Chaplin retired as a Director on 29 November 2016

Sums Paid to Third Parties

Of the fees disclosed above, £17,333 (2017 – £23,000) was payable to third parties in respect of making available the services of one of the Directors. These fees were assigned to Standard Life Aberdeen plc (M J Gilbert). With effect from 1 April 2018 Mr Gilbert has waived his entitlement to receive fees from the Company. The amounts paid by the Company to the Directors were for services as non-executive Directors.

Governance

Directors' Remuneration Report continued

Directors' Interests in the Company

The Directors are not required to have a shareholding in the Company. The Directors' interests in contractual arrangements with the Company are as shown in note 17 to the financial statements. The Directors (including connected persons) at 31 July 2018, and 31 July 2017, had no interest in the share capital of the Company other than those interests, all of which are beneficial interests, shown in the table below.

	31 July 2018		31 July 2017	
	Ordinary shares	CULS	Ordinary shares	CULS
N K Cayzer	-	-	-	-
Viscount Dunluce	848	-	800	400
H Fukuda	3,566	-	3,515	-
M J Gilbert	106,250	-	106,250	-
C S Maude	37,300	-	37,300	-
P Yea	2,063	-	2,063	-
H Young (alternate)	149,535	-	124,000	211,948

The above interests are unchanged at 9 November 2018, being the nearest practicable date prior to the signing of this Report.

Annual Statement

On behalf of the Board and in accordance with Part 2 of Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, I confirm that the above Report on Remuneration Policy and Remuneration Implementation summarises, as applicable, for the year ended 31 July 2018:

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

N K Cayzer
Chairman
9 November 2018



Governance

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they 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 are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report including Strategic Report, Business Review, Directors' Remuneration Report and Statement of Corporate

Governance that comply with that law and those regulations.

The financial statements are published on asia-focus.co.uk which is a website maintained by the Company's Manager. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors listed on pages 28 to 31, being the persons responsible, hereby confirm to the best of their knowledge that:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- that in the opinion of the Directors, the Annual Report and financial statements taken as a whole, is fair, balanced and understandable and it provides the information necessary to assess the Company's performance, business model and strategy. In reaching this conclusion the Board has assumed that the reader of the Annual Report and financial statements would have a reasonable level of general investment knowledge, and in particular, of investment trusts; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

For Aberdeen Standard Asia Focus PLC

Nigel Cayzer
Chairman
9 November 2018



Governance

Report of the Audit Committee

I am pleased to present the report of the Audit Committee for the year ended 31 July 2018 which has been prepared in compliance with applicable legislation.

Committee Composition

The Audit Committee comprised three independent Directors at the year end Mr Yea, Viscount Dunluce (from September 2016) and myself (Mr Maude), as Chairman. The Directors have satisfied themselves that at least one of the Committee's members has recent and relevant financial experience. I am a fellow of the Institute of Chartered Accountants and I confirm that the Audit Committee as a whole has competence relevant to the investment trust sector and that at least one member has competence in accounting. I will be retiring as a Director of the Company with effect from 31 March 2019 and from that date Mr Yea has agreed to become Audit Committee Chairman.

The Audit Committee continues to believe that the Company does not require an internal audit function of its own as it delegates its day to day operations to third parties from whom it receives internal controls reports.

Functions of the Committee

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

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

- to review and monitor the internal control systems and risk management systems (including review of non-financial risks) 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 half-yearly and annual financial statements of the Company by reviewing, and challenging where necessary, the actions and judgements of the Manager;
- to review, and report to the Board on, the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, interim reports, announcements and related formal statements;
- to review the content of the Annual Report and Financial Statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to

assess the Company's performance, business model and strategy;

- to meet with the auditor to review their proposed audit programme of work and the findings of the auditor. The Committee shall also use this as an opportunity to assess the effectiveness of the audit process;
- to develop and implement policy on the engagement of the Auditor to supply non-audit services. Non-audit fees of £24,000 were paid to the independent auditor during the year ended 31 July 2018 (2017 - £20,000), split between the interim review (£7,000), reporting accountancy work in respect of the reorganization of the CULS (£15,000) and the preparation of annual corporation tax returns in the iXBRL format prescribed by HMRC (£2,000). All figures are quoted inclusive of applicable VAT. Since 2016 the extent of non audit services that can be provided by EY has become very limited. The Committee has approved the on-going supply by EY of services in connection with the electronic filing of annual corporation tax returns and the Audit Committee will review the provision of future non-audit fees in the light of the potential for such services to impair the Auditor's independence and on the basis that all non-audit services require the pre-approval of the Audit Committee. For the current year tax compliance and advisory services have been supplied to the Company by Deloitte;
- to review a statement from the Manager detailing the arrangements in place within Aberdeen whereby Aberdeen staff may, in confidence, escalate concerns about possible improprieties in matters of financial reporting or other matters ("whistleblowing");
- to make recommendations in relation to the appointment of the auditor and to approve the remuneration and terms of engagement of the auditor;
- to monitor and review annually the auditor's independence, objectivity, effectiveness, resources and qualification; and
- to investigate, when an auditor resigns, the reasons giving rise to such resignation and consider whether any action is required.

Activities During the Year

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

Review of Internal Control Systems and Risk

The Committee considers the internal control systems and a matrix of risks at each of its meetings. There is more

detail on the process of these reviews in the Directors' Report.

Financial Statements and Significant Issues

During its review of the Company's financial statements for the year ended 31 July 2018, the Audit Committee considered the following significant issues, including, in particular, those communicated by the Auditor as key areas of audit emphasis during their planning and reporting of the year end audit.

Valuation and Existence of Investments

How the issue was addressed - The valuation of investments is undertaken in accordance with the accounting policies, disclosed in note 2(b) to the financial statements on page 58. All investments are considered liquid and quoted in active markets and have been categorised as Level 1 within the FRS 102 fair value hierarchy and can be verified against daily market prices. The portfolio holdings and their pricing is reviewed and verified by the Manager on a regular basis and management accounts, including a full portfolio listing, are prepared each month and circulated to the Board. The portfolio is also reviewed annually by the auditor and a sample of price checks to independent sources is undertaken by the auditor. The Company used the services of an independent Depositary (BNP Paribas Securities Services) during the year under review to hold the assets of the Company. The investment portfolio is reconciled regularly by the Manager to the depositary/custodian records and further corroboration is received from the audit which includes independent confirmation of the existence of all investments at the year end.

Recognition of Investment Income

How the issue was addressed - The recognition of investment income is undertaken in accordance with accounting policy note 2(d) to the financial statements on page 58. Special dividends are allocated to the capital or revenue accounts according to the nature of the payment and the intention of the underlying company. The Directors review monthly revenue forecasts and dividend comparisons and the Manager provides monthly internal control reports to the Board.

Correct Calculation of Management Fees

How the issue was addressed - The management fees are calculated by the Manager and reviewed periodically by the Board. Further corroboration is received from the work undertaken by the Auditor who reviews the calculations as part of its audit.

Review of Financial Statements

The Committee is responsible for the preparation of the Company's Annual Report. The process is extensive, requiring input from a number of different third party service providers. The Committee reports to the Board on whether, taken as a whole, the Annual Report and financial statements are fair, balanced and understandable. In so doing, the Committee has considered the following matters:

- the existence of a comprehensive control framework surrounding the production of the Annual Report and financial statements which includes a number of different checking processes;
- the existence of extensive levels of reviews as part of the production process involving the depositary, the Manager, the Company Secretary and the auditor together as well as the Committee's own expertise;
- the controls in place within the various third party service providers to ensure the completeness and accuracy of the financial records and the security of the Company's assets;
- the externally audited internal control reports of the Manager, Depositary and related service providers.

The Committee has reviewed the Annual Report and the work undertaken by the third party service providers and is satisfied that, taken as a whole, the Annual Report and financial statements is fair balanced and understandable. In reaching this conclusion, the Committee has assumed that the reader of the Annual Report would have a reasonable level of knowledge of the investment trust industry in general and of investment trusts in particular. The Committee has reported its findings to the Board which in turn has made its own statement in this regard in the Directors' Responsibility Statement on page 43.

Review of Auditor

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

- **Independence:** the Auditor discusses with the Audit Committee, at least annually, the steps it takes to ensure its independence and objectivity and makes the Committee aware of any potential issues, explaining all relevant safeguards;
- **Quality of audit work** (i) the ability to resolve issues in a timely manner – the Audit Committee is confident that identified issues are satisfactorily and promptly resolved; (ii) its communications/presentation of outputs – the Audit Committee is satisfied that the explanation of the audit plan, any deviations from it and the subsequent audit findings are comprehensive and comprehensible; and (iii) working relationship with management – the

Audit Committee is satisfied that the Auditor has a constructive working relationship with the Manager; and,

- **Quality of people and service including continuity and succession plans:** the Audit Committee is satisfied that the audit team is made up of sufficient, suitably experienced staff with provision made for knowledge of the investment trust sector and retention on rotation of the partner.

The Audit Committee therefore supports the recommendation to the Board that the reappointment of the Auditor be put to shareholders for approval at the AGM.

Tenure of the Auditor

Ernst & Young LLP ("EY") has held office as auditor since the incorporation of the Company in 1995. In accordance with present professional guidelines the audit partner is rotated after no more than five years and the year ended 31 July 2018 is the first year for which the present partner has served. The Committee considers EY, the Company's auditor, to be independent of the Company. Companies Act legislation requires listed companies to tender the audit every 10 years and rotate after a maximum of 20 years. Under the transitional arrangements for firms where the tenure is between 11 and 20 years, there will be a grace period of nine years after the enactment of the EU legislation (2014). Accordingly, based upon the new legislation, EY will not be able to audit the Company after 2023. The Committee therefore expects to conduct a tender for audit services by 2022 at the very latest.

Chris Maude
Audit Committee Chairman
9 November 2018



Financial Statements

The portfolio did well in absolute terms, delivering 4.6% in returns (with dividends reinvested), though it underperformed the MSCI AC Asia Pacific ex Japan Small Cap Index which gained 6.6% over the period. In a review year of two distinct halves, Asian equities were buoyant in the first six months, amid synchronised global growth. This more than offset subsequent lacklustre performance arising from escalating tensions between the US and major trading partners, currency swings and a rising oil price.

Financial Statements

Independent Auditor's Report to the Members of Aberdeen Standard Asia Focus PLC

Opinion

We have audited the financial statements of Aberdeen Standard Asia Focus PLC (*formerly Aberdeen Asian Smaller Companies Investment Trust PLC*) (the 'Company') for the year ended 31 July 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 July 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 10 and 11 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 10 in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 58 in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements
- whether the directors' statement in relation to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on pages 12 and 13 in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Overview of our audit approach

Key audit matters	• Incomplete or inaccurate recognition of investment income, including classification of items in the Statement of Comprehensive Income as revenue or capital • Valuation and existence of the investment portfolio
Materiality	• Overall materiality of £4.34m which represents 1% of shareholders' funds (2017: £4.30m)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Incomplete or inaccurate recognition of investment income, including classification of items in the Statement of Comprehensive Income as revenue or capital (as described on page 45 in the Report of the Audit Committee and as per the accounting policy set out on page 58). The investment income receivable by the Company during the year directly affects the Company's ability to make a dividend payment to shareholders. The income received for the year to 31 July 2018 was £14.66m (2017: £13.90m) of dividend receipts from listed investments. The Directors are required to exercise judgment in determining whether income receivable in the form of special dividends should be classified as 'revenue' or 'capital'. During the year, the Company received 10 (2017: 17) special dividends with an aggregate value of £1.82m (2017: £5.2m). £0.35m of these dividends were classified as capital with £1.46m classified as income.	We have performed the following procedures: We obtained an understanding of Aberdeen Asset Managers Limited's (the "Manager") and BNP Paribas Securities Services' (the "Administrator") processes and controls surrounding revenue recognition and allocation of special dividends by performing a walkthrough in which we evaluated the design effectiveness of controls. We agreed a sample of dividend receipts to the corresponding announcement made by the investee company, recalculated the dividend amount receivable and confirmed that the cash received as shown on bank statements was consistent with the recalculated amount. We agreed a sample of investee company dividend announcements from an independent data vendor to the income recorded by the Company to test completeness of the income recorded. For all dividends accrued at the year end, we reviewed the investee company announcements to assess whether the dividend obligation arose prior to 31 July 2018. We agreed the dividend rate to corresponding announcements made by the investee company, recalculated the dividend amount receivable and confirmed this was consistent with cash received as shown on post year-end bank statements. We reviewed the income report and the acquisition and disposal report produced by the Administrator to identify special dividends recorded in the year in excess of our testing threshold.	The results of our procedures are: We have no issues to communicate with respect to our assessment of the design of the Manager's and Administrator's processes and controls surrounding revenue recognition and allocation of special dividends. We agreed the sample of dividend receipts to an independent source, recalculating these amounts and agreeing them to bank statements and noted no differences in excess of our reporting threshold. We agreed the sample of investee company announcements to the income entitlements recorded by the Company and noted no issues. We recalculated the accrued dividends, agreeing, where possible, to post year end bank statements, and confirming that the income obligation arose prior to 31 July 2018 and noted no issues. We agreed the accounting treatment adopted with respect to the four special dividend receipts sampled and in each case concurred with the treatment applied by the Manager and Administrator.

Financial Statements

Independent Auditor's Report continued

Risk <i>(continued)</i>	Our response to the risk <i>(continued)</i>	Key observations communicated to the Audit Committee <i>(continued)</i>
	There were four special dividends above our testing threshold, for which we confirmed that the classification as revenue or capital was consistent with the underlying substance of the payment. We reviewed the Company's accounting policies with respect to revenue recognition including special dividends to check that these have been applied as stated throughout the year and are in line with FRS 102 and the AIC SORP.	We noted no issues with the application of the Company's accounting policies with respect to revenue recognition including special dividends, are in compliance with FRS 102 and the AIC SORP.
Valuation and existence of the investment portfolio (as described on page 45 in the Report of the Audit Committee and as per the accounting policy set out on page 58). The valuation of the assets held in the investment portfolio is the key driver of the Company's net asset value and total return. Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the Company could have a significant impact on the portfolio valuation and the return generated for shareholders. Investments are valued at fair value, which is deemed to be bid value or the last traded price depending on the convention of the exchange on which the investment is listed. The valuation of the portfolio at 31 July 2018 was £476.01m (2017: £468.61m), consisting entirely of listed equities.	We performed the following procedures: Obtained an understanding of the Manager's and Administrator's processes and controls surrounding investment pricing and trade processing by performing a walkthrough in which we evaluated the design effectiveness of controls. For all investments in the portfolio, we compared the market values and exchange rates applied to an independent pricing vendor. We reviewed the price exception and stale pricing reports produced by the Administrator to highlight and investigate any unexpected price movements in investments held as at the year-end. We agreed the Company's investments to the independent confirmation received from the Company's depository (BNP Paribas Securities Services) as at 31 July 2018. We agreed a sample of key transaction details (e.g. units, trade date, cost and proceeds) for purchases and sales recorded by the Administrator to bank statements and trade tickets.	The results of our procedures are: We have no issues to communicate with respect to our assessment of the design of the Manager's and Administrator's processes and controls surrounding investment pricing and trade processing. For all investments in the portfolio, we noted no material differences in market value or exchange rates when compared to an independent source. We did not identify any price exceptions or stale prices of investments held as at the year-end. We noted no differences between the custodian and depository confirmation and the Company's underlying financial records.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Our application of materiality

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

Materiality

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

We determined materiality for the Company to be £4.34m (2017: £4.30m), which is 1% (2017: 1%) of shareholders' funds. We believe that shareholders' funds provides us with materiality aligned to the key measurement of the Company's performance.

Performance materiality

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

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2017: 75%) of our planning materiality, namely £3.25m (2017: £3.23m). We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Given the importance of the distinction between revenue and capital for the Company we also applied a separate testing threshold of £0.38m (2017: £0.40m) for the revenue column of the Statement of Comprehensive Income being 5% of the revenue return on ordinary activities before taxation.

Reporting threshold

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

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.22m (2017: £0.20m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

Financial Statements

Independent Auditor's Report continued

- **Fair, balanced and understandable set out on page 43** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on pages 44 to 46** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 34** – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 43, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are FRS 102, the Companies Act 2006, AIC SORP, the Listing Rules, the UK Corporate Governance Code and Section 1158 of the Corporation Tax Act 2010.
- We understood how the Company is complying with those frameworks through discussions with the Audit Committee and Company Secretary and review of the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified fraud risks with respect to the incomplete or inaccurate income recognition through incorrect classification of special dividends. Further discussion of our approach is set out in the section on key audit matters above.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

- We were appointed as auditors by the Company as part of the initial listing process and signed an engagement letter in October 1995 to audit the financial statements for the period ending 31 July 1996 and subsequent financial periods. Our appointment was subsequently ratified at the first annual general meeting of the Company held on 27 November 1996.
- The period of total uninterrupted engagement including previous renewals and reappointments is 23 years, covering the years ending 31 July 1996 to 31 July 2018.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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


James Beszant (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

9 November 2018

Financial Statements

Statement of Comprehensive Income

	Notes	Year ended 31 July 2018			Year ended 31 July 2017		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	10	-	6,932	6,932	-	54,249	54,249
Income	3	14,673	-	14,673	13,896	-	13,896
Exchange losses		-	(278)	(278)	-	(223)	(223)
Investment management fees	4	(4,155)	-	(4,155)	(3,641)	-	(3,641)
Administrative expenses	5	(1,092)	-	(1,092)	(1,206)	-	(1,206)
Net return before finance costs and taxation		9,426	6,654	16,080	9,049	54,026	63,075
Finance costs	6	(1,861)	-	(1,861)	(1,620)	-	(1,620)
Net return before tax		7,565	6,654	14,219	7,429	54,026	61,455
Tax expense	7	(882)	(578)	(1,460)	(612)	(9)	(621)
Net return after taxation		6,683	6,076	12,759	6,817	54,017	60,834
Return per share (pence):							
Basic	9	19.27	17.51	36.78	19.31	152.98	172.29
Diluted	9	n/a	16.33	n/a	n/a	137.49	157.96

For the years ended 31 July 2018 and 31 July 2017 the conversion option for potential Ordinary shares within the Convertible Unsecured Loan Stock was non-dilutive to the revenue return per Ordinary share but dilutive to the capital return per Ordinary share.

The total column of this statement represents the profit and loss account of the Company. There is no other comprehensive income and therefore the net return after taxation is also the total comprehensive income for the year.

All revenue and capital items in the above statement derive from continuing operations.

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

Financial Statements

Statement of Financial Position

	Notes	As at 31 July 2018 £'000	As at 31 July 2017 £'000
Non-current assets			
Investments at fair value through profit or loss	10	476,097	468,614
Current assets			
Debtors and prepayments	11	3,037	627
Cash and short term deposits		9,398	4,009
		12,435	4,636
Creditors: amounts falling due within one year			
Bank loans		(7,623)	-
Other creditors		(2,488)	(1,222)
	12	(10,111)	(1,222)
Net current assets		2,324	3,414
Total assets less current liabilities		478,421	472,028
Non-current liabilities			
Bank loans	12	(9,506)	(9,482)
3.5% Convertible Unsecured Loan Stock 2019	13	-	(32,441)
2.25% Convertible Unsecured Loan Stock 2025	13	(35,209)	-
		(44,715)	(41,923)
Net assets		433,706	430,105
Capital and reserves			
Called-up share capital	14	10,429	9,796
Capital redemption reserve		2,062	2,062
Share premium account		60,076	39,695
Equity component of 3.5% Convertible Unsecured Loan Stock 2019	13	-	1,361
Equity component of 2.25% Convertible Unsecured Loan Stock 2025	13	1,054	-
Capital reserve	15	346,123	365,765
Revenue reserve		13,962	11,426
Equity shareholders' funds		433,706	430,105
Net asset value per share (pence):			
Basic	16	1,231.83	1,235.45
Diluted	16	n/a	1,192.49

The financial statements were approved by the Board of Directors and authorised for issue on 9 November 2018 and were signed on behalf of the Board by:

Nigel Cayzer
Chairman



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

Financial Statements

Statement of Changes in Equity

For the year ended 31 July 2018

	Note	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Equity Component CULS 2019 £'000	Equity Component CULS 2025 £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 August 2017		9,796	2,062	39,695	1,361	-	365,765	11,426	430,105
Conversion of 3.5% CULS 2019	13	81	-	2,607	-	-	-	-	2,688
Maturity of 3.5% CULS 2019	13	552	-	17,774	(1,361)	-	-	1,361	18,326
Conversion of 3.5% CULS 2019 to 2.25% CULS 2025		-	-	-	-	436	(3,425)	-	(2,989)
Issue of 2.25% CULS 2025		-	-	-	-	618	-	-	618
Purchase of own shares to treasury	14	-	-	-	-	-	(22,293)	-	(22,293)
Return after taxation		-	-	-	-	-	6,076	6,683	12,759
Dividends paid	8	-	-	-	-	-	-	(5,508)	(5,508)
Balance at 31 July 2018		10,429	2,062	60,076	-	1,054	346,123	13,962	433,706

For the year ended 31 July 2017

	Note	Share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Equity Component CULS 2019 £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 August 2016		9,794	2,062	39,646	1,361	322,525	8,347	383,735
Conversion of 3.5% CULS 2019	13	2	-	49	-	-	-	51
Purchase of own shares to treasury	14	-	-	-	-	(10,777)	-	(10,777)
Return after taxation		-	-	-	-	54,017	6,817	60,834
Dividends paid	8	-	-	-	-	-	(3,738)	(3,738)
Balance at 31 July 2017		9,796	2,062	39,695	1,361	365,765	11,426	430,105

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

Financial Statements

Statement of Cash Flows

		Year ended 31 July 2018 £'000	Year ended 31 July 2017 £'000
	Notes		
Cash flows from operating activities			
Return before finance costs and tax		16,080	63,075
<i>Adjustments for:</i>			
Dividend income	3	(14,653)	(13,895)
Interest income	3	(20)	(1)
Dividends received		14,252	13,714
Interest received		9	2
Interest paid		(1,505)	(1,303)
Gains on investments	10	(6,932)	(54,249)
Foreign exchange movements		278	223
Decrease in prepayments		-	1
Decrease/(increase) in other debtors		36	(32)
Increase/(decrease) in other creditors		360	(393)
Stock dividends included in investment income		(139)	-
Overseas withholding tax suffered	7	(882)	(612)
Net cash inflow from operating activities		6,884	6,530
Cash flows from investing activities			
Purchase of investments		(45,008)	(29,627)
Sales of investments		42,520	30,498
Capital gains tax on sales		(32)	(9)
Net cash (outflow)/inflow from investing activities		(2,520)	862
Cash flows from financing activities			
Purchase of own shares to treasury		(21,900)	(10,748)
Drawdown of loan	12	7,521	9,482
Repayment of loan	12	-	(11,643)
Issue of 2.25% Convertible Unsecured Loan Stock 2025		21,004	-
Equity dividends paid	8	(5,508)	(3,738)
Net cash inflow/(outflow) from financing activities		1,117	(16,647)
Increase/(decrease) in cash and cash equivalents		5,481	(9,255)
Analysis of changes in cash and cash equivalents			
Opening balance		4,009	13,623
Increase/(decrease) in cash and cash equivalents		5,481	(9,255)
Foreign exchange movements		(127)	(359)
Closing balance		9,363	4,009

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

Financial Statements

Notes to the Financial Statements

For the year ended 31 July 2018

1. Principal activity

The Company is a closed-end investment company, registered in England & Wales No 03106339, with its Ordinary shares being listed on the London Stock Exchange.

2. Accounting policies

(a) Basis of preparation and going concern

The financial statements have been prepared in accordance with Financial Reporting Standard 102 and with the AIC's Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in November 2014 and updated in February 2018 with consequential amendments. The financial statements are prepared in Sterling which is the functional currency of the Company and rounded to the nearest £'000. They have also been prepared on a going concern basis and on the assumption that approval as an investment trust will continue to be granted.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is included in the Directors' Report (unaudited) on page 35.

(b) Valuation of investments

The Company has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU) and investments have been designated upon initial recognition at fair value through profit or loss. Investments are recognised and de-recognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned, and are initially measured at fair value. Subsequent to initial recognition, investments are measured at fair value. For listed investments, this is deemed to be bid market prices. Gains and losses arising from changes in fair value and disposals are included as a capital item in the Statement of Comprehensive Income and are ultimately recognised in the capital reserve.

(c) Borrowings

Bank loans are initially recognised at cost, being the fair value of the consideration received, net of any issue expenses. Subsequently, they are measured at amortised cost using the effective interest method. Finance charges are accounted for on an accruals basis using the effective interest rate method and are charged 100% to revenue.

(d) Income

Dividends, including taxes deducted at source, are included in revenue by reference to the date on which the investment is quoted ex-dividend. Special dividends are reviewed on a case-by-case basis and may be credited to capital, if circumstances dictate. 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. Fixed returns on non-equity shares are recognised on a time apportioned basis so as to reflect the effective yield on shares. Other returns on non-equity shares are recognised when the right to return is established. The fixed return on a debt security, if material, is recognised on a time apportioned basis so as to reflect the effective yield on each security. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of the cash dividend is recognised as income. Any excess in the value of the shares received over the amount of the cash dividend is recognised in capital reserves. Interest receivable on bank balances is dealt with on an accruals basis.

(e) Expenses

All expenses are accounted for on an accruals basis. Expenses, including management fees and finance costs, are charged 100% through the revenue column of the Statement of Comprehensive Income with the exception of transaction costs incurred on the purchase and disposal of investments which are charged to the capital column of the Statement of Comprehensive Income and are separately identified and disclosed in note 10 within gains on investments.

(f) Taxation

The tax expense represents the sum of tax currently payable and deferred tax. Any tax payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that were applicable at the Statement of Financial Position date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date, where transactions or events that result in an obligation to pay more tax in the future or right to pay less tax in the future have occurred at the Statement of Financial Position date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

Due to the Company's status as an investment trust company and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue within the Statement of Comprehensive Income on the same basis as the particular item to which it relates using the Company's effective rate of tax for the year, based on the marginal basis.

(g) Foreign currency

Assets and liabilities in foreign currencies are translated at the rates of exchange ruling on the Statement of Financial Position date. Transactions involving foreign currencies are converted at the rate ruling on the date of the transaction. Gains and losses on dividends receivable are recognised in the Statement of Comprehensive Income and are reflected in the revenue reserve. Gains and losses on the realisation of foreign currencies are recognised in the Statement of Comprehensive Income and are then transferred to the capital reserve.

(h) Convertible Unsecured Loan Stock

Convertible Unsecured Loan Stock ("CULS") issued by the Company is regarded as a compound instrument, comprising of a liability component and an equity component. At the date of issue, the fair value of the liability component of the 2.25% CULS 2025 was estimated by assuming that an equivalent non-convertible obligation of the Company would have an effective interest rate of 3.113% (3.5% CULS 2019 – 4.662%). The fair value of the equity component, representing the option to convert liability into equity, is derived from the difference between the issue proceeds of the CULS and the fair value assigned to the liability. The liability component is subsequently measured at amortised cost using the effective interest rate and the equity component remains unchanged.

Direct expenses associated with the CULS issue are allocated to the liability and equity components in proportion to the split of the proceeds of the issue. Expenses allocated to the liability component are amortised over the life of the instrument using the effective interest rate.

The interest expense on the CULS is calculated according to the effective interest rate method.

On conversion of CULS, equity is issued and the liability component is derecognised. The original equity component recognised at inception remains in equity. No gain or loss is recognised on conversion.

Financial Statements

Notes to the Financial Statements continued

When CULS is repurchased early for cancellation, the fair value of the liability at the redemption date is compared to its carrying amount, giving rise to a gain or loss on redemption that is recognised through profit or loss. The amount of consideration allocated to equity is recognised in equity with no gain or loss being recognised.

(i) Nature and purpose of reserves

Capital redemption reserve

The capital redemption reserve arose when Ordinary shares were redeemed and cancelled, at which point an amount equal to the par value of the Ordinary share capital was transferred from the share capital account to the capital redemption reserve.

Special reserve

The special reserve was created by a transfer from the share premium account and is used to fund the value of purchases in the market of the Company's own shares to be held in treasury.

Capital reserve

This reserve reflects any gains or losses on investments realised in the period along with any movement in the fair value of investments held that have been recognised in the Statement of Comprehensive Income. These include gains and losses from foreign currency exchange differences arising on monetary assets and liabilities except for dividend income receivable. Additionally, the cost of share buybacks to be held in treasury is also deducted from this reserve.

Revenue reserve

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

(j) Treasury shares

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

(k) Dividends payable

Final dividends are recognised in the financial statements in the period in which Shareholders approve them.

(l) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business activity, being investment business. Consequently, no business segmental analysis is provided however an analysis of the geographic exposure of the Company's investments is provided on page 25.

	2018	2017
	£'000	£'000
3. Income		
Income from investments		
Overseas dividends	14,073	13,510
UK dividend income	300	254
REIT income	141	131
Stock dividends	139	-
Fixed interest income	9	-
	14,662	13,895
Other income		
Deposit interest	11	1
Total income	14,673	13,896
	2018	2017
	£'000	£'000
4. Investment management fees		
Investment management fees	4,155	3,641

The Company has an agreement with AFML for the provision of management services, under which investment management services have been delegated to ASI Asia.

During the year the management fee was payable monthly in arrears and is based on an annual amount of 1.0% (2017 - 1.0%), calculated on the average net asset value of the Company over a 24 month period, valued monthly. The management fee is calculated by reference to the value of the Company's net assets (gross assets less liabilities excluding the amount of any loan facilities or overdraft facilities drawn down). The balance due to the Manager at the year end was £725,000 (2017 - £319,000) which represents two month's fee (2017 - one month).

With effect from 1 November 2018, a new fee arrangement has been agreed with the Manager. The new fee will continue to be payable monthly in arrears but at the rate of 0.08% of the Company's Market Cap (as defined below) per calendar month, exclusive of Value Added Tax where applicable. "Market Cap" for the above is defined as the market capitalisation of the Company, based on the closing Ordinary share price quoted on the London Stock Exchange multiplied by the Ordinary shares in issue (less the number of any Ordinary shares held in Treasury), as determined on the last Business Day of the applicable calendar month to which the remuneration relates.

The management agreement may be terminated by either the Company or the Manager on the expiry of twelve months' written notice. On termination, the Manager would be entitled to receive fees which would otherwise have been due to that date.

Financial Statements

Notes to the Financial Statements continued

	2018	2017
	£'000	£'000
5. Administrative expenses		
Administration fees	92	89
Directors' fees	160	156
Promotional activities	240	250
Auditor's remuneration:		
• fees payable to the auditor for the audit of the annual accounts	27	27
• fees payable to the auditor and its associates for other services ^A :		
• interim review	7	7
• taxation services (compliance) ^B	-	11
• iXBRL tagging services	2	2
Custodian charges	199	282
Registrar fees ^C	48	53
Other expenses	317	329
	1,092	1,206

^A In addition to the fees treated as administrative expenses Ernst & Young LLP were also paid £15,000 (including VAT) for services provided relating to advice given on the refinancing of the Convertible Unsecured Loan Stock ("CULS") during the year. These fees have been capitalised and treated as issue expenses.

^B Charge for 2017 relates to services provided up to 31 July 2016.

^C In addition to the fees treated as administrative expenses Equiniti Limited were also paid £52,000 (excluding VAT) (2017 - £nil) for services provided relating to the refinancing of the Convertible Unsecured Loan Stock ("CULS") during the year. These fees have been capitalised and treated as issue expenses.

The Company has an agreement with AFML for the provision of administration services. The administration fee is payable quarterly in advance and is adjusted annually to reflect the movement in the Retail Price Index. The balance due to AFML at the year end was £23,000 (2017 - £22,000). The agreement is terminable on six months' notice.

Under the management agreement, the Company has also appointed AFML to provide promotional activities to the Company by way of its participation in the Aberdeen Investment Trust Share Plan and ISA. AFML has delegated this role to the Standard Life Aberdeen Group. The total fee paid and payable under the agreement in relation to promotional activities was £250,000 (2017 - £250,000) until May 2018 where the agreement was amended to £219,000. There was a £18,000 (2017 - £21,000) balance due to the Standard Life Aberdeen Group at the year end.

No pension contributions were made in respect of any of the Directors.

	2018	2017
	£'000	£'000
6. Finance costs		
Loans repayable in less than 1 year	445	183
Interest on 3.5% CULS 2019	907	1,156
Notional interest on 3.5% CULS 2019	183	206
Amortisation of 3.5% CULS 2019 issue expenses	137	75
Interest on 2.25% CULS 2025	144	-
Notional interest on 2.25% CULS 2025	26	-
Amortisation of 2.25% CULS 2025 issue expenses	19	-
	1,861	1,620

7.	Tax expense	2018			2017		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(a)	Analysis of charge for the year						
	Indian capital gains tax charge on sales	-	32	32	-	9	9
	Overseas taxation	882	-	882	612	-	612
	Total current tax charge for the year	882	32	914	612	9	621
	Deferred tax liability on Indian capital gains	-	546	546	-	-	-
	Total tax charge for the year	882	578	1,460	612	9	621

On 1 April 2018, the Indian Government withdrew an exemption from capital gains tax on investments held for twelve months or longer. Accordingly, the Company has recognised a deferred tax liability of £546,000 (2017 - £nil) on capital gains which may arise if Indian investments are sold.

At 31 July 2018 the Company had surplus management expenses and loan relationship deficits with a tax value of £7,814,000 (2017 - £6,635,000) in respect of which a deferred tax asset has not been recognised. This is due to the Company having sufficient excess management expenses available to cover the potential liability and the Company is not expected to generate taxable income in the future in excess of deductible expenses.

Financial Statements

Notes to the Financial Statements continued

(b) Factors affecting the tax charge for the year

The tax assessed for the year is lower than the current standard rate of corporation tax in the UK for a large company of 19% (2017 – effective rate 19.67%). The differences are explained below:

	2018			2017		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Return before taxation	7,565	6,654	14,219	7,429	54,026	61,455
Return multiplied by the standard tax rate of corporation tax of 19% (2017 – 19.67%)	1,437	1,264	2,701	1,461	10,627	12,088
Effects of:						
Gains on investments not taxable	-	(1,317)	(1,317)	-	(10,671)	(10,671)
Exchange losses	-	53	53	-	44	44
Overseas tax	882	-	882	612	-	612
Indian capital gains tax charge on sales	-	32	32	-	9	9
Movement in deferred tax liability on Indian capital gains	-	546	546	-	-	-
UK dividend income	(57)	-	(57)	(50)	-	(50)
Non-taxable dividend income	(2,700)	-	(2,700)	(2,657)	-	(2,657)
Expenses not deductible for tax purposes	3	-	3	-	-	-
Tax effect of expensed double taxation relief	(2)	-	(2)	-	-	-
Movement in unutilised management expenses	969	-	969	927	-	927
Movement in unutilised loan relationship deficits	350	-	350	319	-	319
Total tax charge for the year	882	578	1,460	612	9	621

	2018	2017
	£'000	£'000
8. Dividends		
Final dividend for 2017 – 12.0p (2016 – 10.5p)	4,131	3,738
Special dividend for 2017 – 4.0p (2016 – nil)	1,377	-
	5,508	3,738

Proposed final and special dividends are subject to approval by shareholders at the Annual General Meeting and are not included as a liability in the financial statements.

We set out below the total dividends paid and proposed in respect of the financial year, which is the basis on which the requirements of Sections 1158 – 1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the current year is £6,683,000 (2017 – £6,817,000).

	2018	2017
	£'000	£'000
Proposed final dividend for 2018 – 13.0p (2017 – 12.0p)	4,509	4,131
Proposed special dividend for 2018 – 4.0p (2017 – 4.0p)	1,387	1,377
	5,896	5,508

The amount reflected above for the cost of the proposed final and special dividend for 2018 is based on 34,683,772 Ordinary shares, being the number of Ordinary shares in issue excluding shares held in treasury at the date of this Report.

9. Return per Ordinary share	2018			2017		
	Revenue	Capital	Total	Revenue	Capital	Total
Basic						
Return after taxation (£'000)	6,683	6,076	12,759	6,817	54,017	60,834
Weighted average number of shares in issue ^A			34,690,302			35,308,359
Return per Ordinary share (p)	19.27	17.51	36.78	19.31	152.98	172.29
Diluted						
Return after taxation (£'000)	7,963	6,076	14,039	8,042	54,017	62,059
Weighted average number of shares in issue ^{AB}			37,215,899			39,287,090
Return per Ordinary share (p)	n/a	16.33	n/a	n/a	137.49	157.96

^A Calculated excluding shares held in treasury.

^B The calculation of the diluted total, revenue and capital returns per Ordinary share is carried out in accordance with IAS 33, "Earnings per Share". For the purpose of calculating total, revenue and capital returns per Ordinary share, the number of Ordinary shares used is the weighted average number used in the basic calculation plus the number of Ordinary shares deemed to be issued for no consideration on exercise of all 2.25% Convertible Unsecured Loan Stock 2025 ("CULS") (2017 – 3.5% CULS 2019). The calculations indicate that the exercise of CULS would result in an increase in the weighted average number of Ordinary shares of 2,525,597 (2017 – 3,978,731) to 37,215,899 (2017 – 39,287,090) Ordinary shares.

For the year ended 31 July 2018 (2017 – same) the assumed conversion for potential Ordinary shares was non-dilutive to the revenue return per Ordinary share but dilutive to the capital return per Ordinary share. Where dilution occurs, the net returns are adjusted for interest charges and issue expenses relating to the CULS (2018 – £1,280,000; 2017 – £1,225,000). Total earnings for the period are tested for dilution. Once dilution has been determined individual revenue and capital earnings are adjusted.

Notes to the Financial Statements continued

	2018			2017		
	Listed in UK £'000	Listed overseas £'000	Total £'000	Listed in UK £'000	Listed overseas £'000	Total £'000
10. Investments						
Fair value through profit or loss:						
Opening book cost	9,404	236,782	246,186	7,610	221,885	229,495
Opening fair value gains on investments held	5,008	217,420	222,428	6,329	178,988	185,317
Opening fair value	14,412	454,202	468,614	13,939	400,873	414,812
Movements in year:						
Purchases at cost	-	45,142	45,142	1,898	27,967	29,865
Sales – proceeds	(2,865)	(41,726)	(44,591)	(241)	(30,071)	(30,312)
Sales – gains on sales	528	18,424	18,952	137	17,001	17,138
Movement in fair value gains on investments held	1,160	(13,180)	(12,020)	(1,321)	38,432	37,111
Closing fair value	13,235	462,862	476,097	14,412	454,202	468,614
	2018			2017		
	Listed in UK £'000	Listed overseas £'000	Total £'000	Listed in UK £'000	Listed overseas £'000	Total £'000
Closing book cost	7,067	258,622	265,689	9,404	236,782	246,186
Closing fair value gains on investments held	6,168	204,240	210,408	5,008	217,420	222,428
	13,235	462,862	476,097	14,412	454,202	468,614
Gains/(losses) on investments						
Gains on sales	528	18,424	18,952	137	17,001	17,138
Movement in fair value gains on investments held	1,160	(13,180)	(12,020)	(1,321)	38,432	37,111
	1,688	5,244	6,932	(1,184)	55,433	54,249

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 gains on investments in the Statement of Comprehensive Income. The total costs were as follows:

	2018	2017
	£'000	£'000
Purchases	100	90
Sales	94	56
	194	146

The above transaction costs are calculated in line with the AIC SORP. The transaction costs in the Company's Key Information Document are calculated on a different basis and in line with the PRIIPs regulations.

	2018	2017
	£'000	£'000
11. Debtors: amounts falling due within one year		
Amounts due from brokers	2,085	14
Other debtors	12	48
Prepayments and accrued income	940	565
	3,037	627

None of the above amounts are past their due date or impaired (2017 – nil).

	2018	2017
	£'000	£'000
12. Creditors		
(a) Amounts falling due within one year		
Bank loans	7,623	–
Amounts due to brokers	233	238
Amount due for the purchase of own shares to treasury	551	186
Deferred tax liability on Indian capital gains	546	–
Other creditors	1,158	798
	10,111	1,222

As at 31 July 2018, US\$10,000,000 (£7,623,000) had been drawn down at an all-in rate of 2.9% which matured on 23 August 2018.

	2018	2017
	£'000	£'000
(b) Amounts falling due after more than one year		
Long-term bank loan	9,506	9,482
Loan arrangement fees	(12)	(2)
	9,494	9,480

On 30 August 2018 the Company's US\$25,000,000 revolving facility agreement with The Royal Bank of Scotland PLC was novated to The Royal Bank of Scotland International Limited, London Branch. The loan incurred an arrangement fee of US\$50,000 at the time of the original drawdown, which is amortised over the life of the loan. All financial liabilities are measured at amortised cost. At the year end, US\$12,500,000 (£9,506,000) was drawn down from the term loan facility at a fixed interest rate of 2.506% until 8 June 2020. The terms of the loan facilities contain covenants that the minimum net assets of the Company are £300,000,000, the percentage of borrowings against net assets is less than 20%, and the portfolio contains a minimum of forty five eligible investments (investments made in accordance with the Company's investment policy).

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		2018			2017		
		Number of units £'000	Liability component £'000	Equity component £'000	Number of units £'000	Liability component £'000	Equity component £'000
13. Non-current liabilities							
(a)	3.5% Convertible Unsecured Loan Stock 2019						
	Balance at beginning of year	32,990	32,441	1,361	33,041	32,211	1,361
	Conversion of 3.5% CULS 2019	(2,688)	(2,688)	-	(51)	(51)	-
	Maturity of 3.5% CULS 2019	(30,302)	(30,073)	(1,361)	-	-	-
	Notional interest on CULS transferred to revenue reserve	-	183	-	-	206	-
	Amortisation and issue expenses	-	137	-	-	75	-
	Balance at end of year	-	-	-	32,990	32,441	1,361

The 3.5% Convertible Unsecured Loan Stock 2019 ("2019 CULS") were convertible at the election of holders into Ordinary shares during the months of May and November each year throughout their life, commencing 30 November 2012 until 31 May 2018 at a rate of 1 Ordinary share for every 830.0p nominal of 2019 CULS. Interest was paid on the 2019 CULS in May and November each year, commencing 30 November 2012 and ending 29 May 2018. 100% of the interest was charged to revenue in line with the Board's expected long-term split of returns from the investment portfolio of the Company.

The 2019 CULS were constituted as an unsecured subordinated obligation of the Company by the Trust Deed between the Company and the Trustee, the Law Debenture Trust Corporation p.l.c., dated 17 May 2012. The Trust Deed details the 2019 CULS holders' rights and the Company's obligations to the CULS holders and the Trustee oversees the operation of the Trust Deed. In the event of a winding-up of the Company the rights and claims of the Trustee and CULS holders would be subordinate to the claims of all creditors in respect of the Company's secured and unsecured borrowings, under the terms of the Trust Deed.

In November 2017 the Company received elections from 2019 CULS holders to convert 2,687,937 (31 July 2017 – 51,067) nominal amount of CULS into 323,835 (31 July 2017 – 6,141) Ordinary shares.

In addition, in May 2018 the Company proposed a Reinvestment Scheme, Placing and Open Offer relating to its CULS financing arrangements. Of the remaining 30,301,810 nominal amount of 2019 CULS, 18,325,551 was converted into 2,207,850 Ordinary shares and 11,976,259 reinvested in 2.25% Convertible Unsecured Loan Stock 2025.

	Number of units £'000	2018 Liability component £'000	Equity component £'000	Number of units £'000	2017 Liability component £'000	Equity component £'000
(b) 2.25% Convertible Unsecured Loan Stock 2025						
Balance at beginning of year	-	-	-	-	-	-
Conversion of 3.5% CULS 2019 to 2.25% CULS 2025	15,236	14,800	436	-	-	-
Issue of 2.25% CULS 2025	21,764	21,123	641	-	-	-
Issue expenses	-	(759)	(23)	-	-	-
Notional interest on CULS transferred to revenue reserve	-	26	-	-	-	-
Amortisation and issue expenses	-	19	-	-	-	-
Balance at end of year	37,000	35,209	1,054	-	-	-

The 2.25% Convertible Unsecured Loan Stock 2025 ("2025 CULS") can be converted at the election of holders into Ordinary shares during the months of May and November each year throughout their life, commencing 30 November 2018 to 31 May 2025 at a rate of 1 Ordinary share for every 1,465.0p nominal of CULS. Interest is payable on the 2025 CULS on 31 May and 30 November each year, commencing on 30 November 2018. 100% of the interest will be charged to revenue in line with the Board's expected long-term split of returns from the investment portfolio of the Company.

The 2025 CULS has been constituted as an unsecured subordinated obligation of the Company by the Trust Deed between the Company and the Trustee, the Law Debenture Trust Corporation p.l.c., dated 23 May 2018. The Trust Deed details the 2025 CULS holders' rights and the Company's obligations to the CULS holders and the Trustee oversees the operation of the Trust Deed. In the event of a winding-up of the Company the rights and claims of the Trustee and 2025 CULS holders would be subordinate to the claims of all creditors in respect of the Company's secured and unsecured borrowings, under the terms of the Trust Deed.

The fair value of the 2025 CULS at 31 July 2018 was £37,000,000.

	2018 £'000	2017 £'000
14. Called up share capital		
Allotted, called-up and fully paid		
Ordinary shares of 25p	8,802	8,703
Treasury shares	1,627	1,093
	10,429	9,796

	Ordinary shares Number	Treasury shares Number	Total Number
At 31 July 2017	34,813,725	4,369,874	39,183,599
Conversion of CULS	2,531,685	-	2,531,685
Buyback of own shares	(2,137,138)	2,137,138	-
At 31 July 2018	35,208,272	6,507,012	41,715,284

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During the year 2,137,138 Ordinary shares of 25p were purchased by the Company (2017 – 1,091,750 Ordinary shares purchased) at a total cost of £22,293,000 (2017 – total cost of £10,777,000), all of which were held in treasury (2017 – same). At the year end 6,507,012 (2017 – 4,369,874) shares were held in treasury, which represents 15.60% (2017 – 11.15%) of the Company's total issued share capital at 31 July 2018. During the year there were a further 2,531,685 Ordinary shares issued as a result of CULS conversions (2017 – 6,141).

Since the year end a further 524,500 Ordinary shares of 25p have been purchased by the Company at a total cost of £5,528,000, all of which were held in treasury.

	2018	2017
	£'000	£'000
15. Reserves		
Capital reserve		
At 31 July 2017	365,765	322,525
Movement in investment holdings fair value	(12,020)	37,111
Gains on realisation of investments at fair value	18,952	17,138
Purchase of own shares to treasury	(22,293)	(10,777)
Issue of 2.25% CULS 2025	(3,425)	-
Indian capital gains tax charge	(578)	(9)
Foreign exchange movement	(278)	(223)
At 31 July 2018	346,123	365,765

The capital reserve includes investment holding gains amounting to £210,408,000 (2017 – £222,428,000) as disclosed in note 10. The above split in capital reserve is shown in accordance with provisions of the Statement of Recommended Practice 'Financial Statements Of Investment Trust Companies and Venture Capital Trusts'.

	2018	2017
16. Net asset value per Ordinary share		
Basic		
Net assets attributable	£433,706,000	£430,105,000
Number of Ordinary shares in issue ^A	35,208,272	34,813,725
Net asset value per Ordinary share	1,231.83p	1,235.45p

	2018	2017
Diluted		
Net assets attributable	£468,915,000	£462,546,000
Number of Ordinary shares in issue ^A	37,733,869	38,788,393
Net asset value per Ordinary share^B	n/a	1,192.49p

^A Calculated excluding shares held in treasury

^B The diluted net asset value per Ordinary share has been calculated on the assumption that £37,000,000 2.25% Convertible Unsecured Loan Stock 2025 ("CULS") (2017 – £32,989,747 3.5% Convertible Unsecured Loan Stock 2019) is converted at 1465.0p per share (2017 – 830.0p), giving a total of 37,733,869 (2017 – 38,788,393) Ordinary shares. Where dilution occurs, the net assets are adjusted for items relating to the CULS.

Net asset value per share – debt converted

In accordance with the Company's understanding of the current methodology adopted by the AIC, convertible financial instruments are deemed to be 'in the money' if the cum income net asset value ("NAV") exceeds the conversion price of 1,465.0p per share (2017 – 830.0p). In such circumstances a net asset value is produced and disclosed assuming the convertible debt is fully converted. At 31 July 2018 the cum income NAV was 1,231.83p (31 July 2017 – 1,235.45p) and thus the CULS were 'not in the money' (2017 – 'in the money').

17. Related party transactions and transactions with the Manager

Fees payable during the year to the Directors and their interests in shares of the Company are considered to be related party transactions and are disclosed within the Directors' Remuneration Report on pages 40 to 42. The balance of fees due to Directors at the year end was £nil (2017 – £2,000).

Mr Gilbert is a director of Standard Life Aberdeen plc. Both Mr Gilbert and his alternate, Mr Young are directors of its subsidiary ASI Asia which has been delegated, under an agreement with AFML, to provide management services to the Company, the terms of which are outlined in notes 4 and 5 along with details of transactions during the year and balances outstanding at the year end. Neither Mr Gilbert nor Mr Young are directors of AFML.

Subsequent to the year end, a revision of the management fee arrangements has been agreed by the Company and the Manager. The introduction of new management fee arrangements constitutes a smaller related party transaction for the purpose of LR 11.1.10 R of the Financial Conduct Authority's Listing Rules. Details of the new management fee arrangements can be found in note 4 on page 61.

Mr Yea is chairman of Equiniti Group Plc which acts as Registrar and Receiving Agent to the Company. Mr Yea is excluded from participation in all discussions relating to the appointment of Equiniti. Details of the transactions during the year with Equiniti are outlined in note 5 on page 62. Balances outstanding at the year end amounted to £5,000 (2017 – £6,000).

18. Financial instruments

Risk management

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

The Board has delegated the risk management function to Aberdeen Fund Managers Limited ("AFML") under the terms of its management agreement with AFML (further details of which are included under note 4 and in the Directors' Report) however, it remains responsible for the risk and control framework and operation of third parties. The Board regularly reviews and agrees policies for managing each of the key financial risks identified with the Manager. The types of risk and the Manager's approach to the management of each type of risk, are summarised below. Such approach has been applied throughout the year and has not changed since the previous accounting period. The numerical disclosures exclude short-term debtors and creditors.

Risk management framework

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

AFML is a fully integrated member of the Standard Life Aberdeen Group, which provides a variety of services and support to AFML in the conduct of its business activities, including in the oversight of the risk management framework for the Company. The AIFM has delegated the day to day administration of the investment policy to Aberdeen Standard Investments (Asia) Limited, which is responsible for ensuring that the Company is managed within the terms of its investment guidelines and the limits set out in its pre-investment disclosures to investors (details of which can be found on the Company's website). The AIFM has retained responsibility for monitoring and oversight of investment performance, product risk and regulatory and operational risk for the Company.

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

The Manager conducts its risk oversight function through the operation of the Group's risk management processes and systems which are embedded within the Group's operations. The Group's Risk Division supports management

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in the identification and mitigation of risks and provides independent monitoring of the business. The Division includes Compliance, Business Risk, Market Risk, Risk Management and Legal. The team is headed up by the Group's Head of Risk, who reports to the Chief Executive Officers of the Group. The Risk Division achieves its objective through embedding the Risk Management Framework throughout the organisation using the Group's operational risk management system ("SWORD").

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

Risk management

The main risks the Company faces from these financial instruments are (i) market risk (comprising interest rate, foreign currency and other price risk), (ii) liquidity risk and (iii) credit risk.

Market risk

The fair value of or future cash flows from 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 other price risk.

Interest rate risk

Interest rate movements may affect:

- the level of income receivable on cash deposits;
- valuation of debt securities in the portfolio.

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment and borrowing decisions.

Interest rate risk profile

The interest rate risk profile of the Company's financial assets and liabilities, excluding equity holdings which are all non-interest bearing, at the reporting date was as follows:

	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
At 31 July 2018				
Assets				
Sterling	–	0.22	–	9,329
Indian Rupee	–	–	–	46
Pakistan Rupee	–	–	–	19
Thailand Baht	–	–	–	4
	–	–	–	9,398
Liabilities				
Long-term loan	1.95	2.5	9,506	–
Short-term loan	0.06	2.9	7,623	–
2.25% Convertible Unsecured Loan Stock 2025	6.83	2.3	35,209	–
	–	–	52,338	–

At 31 July 2017	Weighted average period for which rate is fixed Years	Weighted average interest rate %	Fixed rate £'000	Floating rate £'000
Assets				
Sterling	-	-	-	3,774
Pakistan Rupee	-	-	-	23
Taiwan Dollar	-	-	-	208
Thailand Baht	-	-	-	4
	-	-	-	4,009
Liabilities				
Bank loan	2.95	2.5	9,482	-
3.5% Convertible Unsecured Loan Stock 2019	1.83	3.5	32,441	-
	-	-	41,923	-

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 interest payable, weighted by the value of the loan. Details of the Company's loan are shown in note 12 to the financial statements.

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

The Company's equity portfolio and short term debtors and creditors (excluding bank loans) have been excluded from the above tables.

Interest rate sensitivity

Movements in interest rates would not significantly affect net assets attributable to the Company's shareholders and total return.

Foreign currency risk

Most of the Company's investment portfolio is invested in overseas securities and the Statement of Financial Position, therefore, can be significantly affected by movements in foreign exchange rates.

Management of the risk

It is not the Company's policy to hedge this risk on a continuing basis but the Company may, from time to time, match specific overseas investment with foreign currency borrowings.

The revenue account is subject to currency fluctuations arising on dividends receivable in foreign currencies and, indirectly, due to the impact of foreign exchange rates upon the profits of investee companies. It is not the Company's policy to hedge this currency risk but the Board keeps under review the currency returns in both capital and income.

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Foreign currency risk exposure by currency of denomination:

	31 July 2018			31 July 2017		
	Overseas investments £'000	Net monetary assets/(liabilities) £'000	Total currency exposure £'000	Overseas Investments £'000	Net monetary assets/(liabilities) £'000	Total currency exposure £'000
Australian Dollar	8,323	-	8,323	11,539	-	11,539
Chinese Yuan	-	-	-	850	-	850
Danish Krona	9,104	-	9,104	8,327	-	8,327
Hong Kong Dollar	65,327	-	65,327	74,157	-	74,157
Indian Rupee	67,173	46	67,219	59,474	-	59,474
Indonesian Rupiah	37,495	-	37,495	36,553	-	36,553
Korean Won	5,443	-	5,443	4,295	-	4,295
Malaysian Ringgit	66,986	-	66,986	68,506	-	68,506
Taiwan Dollar	11,770	-	11,770	4,914	207	5,121
New Zealand Dollar	17,265	-	17,265	14,557	-	14,557
Pakistan Rupee	3,940	19	3,959	4,269	24	4,293
Philippine Peso	28,644	-	28,644	30,534	-	30,534
Singapore Dollar	54,798	-	54,798	59,169	-	59,169
Sri Lankan Rupee	14,376	-	14,376	15,024	-	15,024
Thailand Baht	72,711	4	72,715	62,034	4	62,038
United States Dollar	-	(17,129)	(17,129)	-	(9,482)	(9,482)
	463,355	(17,060)	446,295	454,202	(9,247)	444,955
Sterling	12,742	(25,880)	(13,138)	14,412	(28,667)	(14,255)
Total	476,097	(42,940)	433,157	468,614	(37,914)	430,700

Foreign currency sensitivity

The Company's foreign currency financial instruments are in the form of equity investments, fixed interest investments and bank loans. The sensitivity of the former has been included within other price risk sensitivity analysis so as to show the overall level of exposure. The sensitivity of the fixed interest investments and bank loans has been included within interest rate sensitivity above. Based upon exchange rates at the Statement of Financial Position date, a 10% increase in Sterling would result in a decrease in the value of the United States Dollar bank loan of £1,187,000 (2017 - £862,000) and a 10% decrease in Sterling would result in an increase in the value of the United States Dollar bank loan of £1,451,000 (2017 - £1,054,000). Due consideration is paid to foreign currency risk throughout the investment process.

Other price risk

Other price risks (ie changes in market prices other than those arising from interest rate or currency risk) may affect the value of the quoted investments.

Investment in Far East equities or those of companies that derive significant revenue or profit from the Far East involves a greater degree of risk than that usually associated with investment in the securities in major securities markets. The securities that the Company owns may be considered speculative because of this higher degree of 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. Both the allocation of assets and the stock selection process, as detailed on page 81, 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.

Other price risk sensitivity

If market prices at the reporting date had been 10% (2017 – 10%) higher or lower while all other variables remained constant, the return attributable to Ordinary shareholders for the year ended 31 July 2018 would have increased/(decreased) by £47,610,000 (2017 – increased/(decreased) by £46,861,000) and equity reserves would have increased/(decreased) by the same amount.

Liquidity risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

The Board imposes borrowing limits to ensure gearing levels are appropriate to market conditions and reviews these on a regular basis. Gearing comprises both bank loans and convertible unsecured loan stock. The Board has imposed a maximum gearing level, measured on the most stringent basis of calculation after netting off cash equivalents, of 25%. Details of borrowings at the 31 July 2018 are shown in notes 12 and 13.

Liquidity risk is not considered to be significant as the Company's assets comprise mainly readily realisable securities, which can be sold to meet funding commitments if necessary. Short-term flexibility is achieved through the use of a loan facility, details of which can be found in note 12. Under the terms of the loan facility, the Manager provides the lender with loan covenant reports on a monthly basis, to provide the lender with assurance that the terms of the facility are not being breached. The Manager will also review the credit rating of a lender on a regular basis. Details of the Board's policy on gearing are shown in the investment policy section on page 3.

Liquidity risk exposure

At 31 July 2018 the Company had borrowings in the form of the £37,000,000 (2017 – £32,989,747 nominal of 3.5% Convertible Unsecured Loan Stock 2019) nominal of 2.25% Convertible Unsecured Loan Stock 2025.

At 31 July 2018 the Company's term bank loan, amounting to £9,506,000 (2017 – £9,482,000; repayment date 8 June 2020), was due for repayment on 8 June 2020. In addition, the Company's rolling bank loan, amounting to £7,623,000 (2017 – £nil), was due for repayment on 23 August 2018. The maximum exposure during the year was £17,152,000 (2017 – £11,928,000) and the minimum exposure during the year was £9,283,000 (2017 – £6,934,000).

The maturity profile of the Company's existing borrowings is set out below.

	Expected cashflows £'000	Due within 3 months £'000	Due between 3 months and 1 year £'000	Due after 1 year £'000
2.25% Convertible Unsecured Loan Stock 2025	41,868	214	618	41,036
Short-term loan	7,642	7,642	–	–
Long-term loan	12,982	60	181	12,741
	62,492	7,916	799	53,777

Credit risk

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

Management of the risk

Investment transactions are carried out with a large number of brokers, whose credit-standing is reviewed periodically by the Investment Manager, and limits are set on the amount that may be due from any one broker. Settlement of investment transactions are also done on a delivery versus payment basis;

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- 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 monthly basis. In addition, the third party administrator carries out a stock reconciliation to Custodian records on a monthly basis to ensure discrepancies are picked up 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. This review will also include checks on the maintenance and security of investments held; and
- cash is held only with reputable banks with high quality external credit ratings.

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.

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

Credit risk exposure

In summary, compared to the amounts in the Statement of Financial Position, the maximum exposure to credit risk at 31 July was as follows:

	2018		2017	
	Statement of Financial Position	Maximum exposure	Statement of Financial Position	Maximum exposure
	£'000	£'000	£'000	£'000
Current assets				
Debtors	3,037	3,037	627	627
Cash and short term deposits	9,398	9,398	4,009	4,009
	12,435	12,435	4,636	4,636

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

Fair values of financial assets and financial liabilities

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 other financial assets and liabilities, excluding CULS which are held at amortised cost, are stated at fair value in the Statement of Financial Position and considered that this approximates to the carrying amount.

19. Fair value hierarchy

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable (ie developed using market data) for the asset or liability, either directly or indirectly.

Level 3: inputs are unobservable (ie for which market data is unavailable) for the asset or liability.

The financial assets measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy at 31 July 2018 as follows:

		Level 1	Level 2	Level 3	Total
As at 31 July 2018	Note	£'000	£'000	£'000	£'000
Financial assets and liabilities at fair value through profit or loss					
Quoted equities	a)	476,097	-	-	476,097
Net fair value		476,097	-	-	476,097

		Level 1	Level 2	Level 3	Total
As at 31 July 2017	Note	£'000	£'000	£'000	£'000
Financial assets and liabilities at fair value through profit or loss					
Quoted equities	a)	468,614	-	-	468,614
Net fair value		468,614	-	-	468,614

a) Quoted equities

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

20. Capital management policies and procedures

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt (comprising bank borrowings and CULS) and equity balance.

The Company's capital comprises the following:

	2018	2017
	£'000	£'000
Equity		
Equity share capital	10,429	9,796
Reserves	423,277	420,309
Liabilities		
Bank loans	17,129	9,482
CULS	35,209	32,441
	486,044	472,028

The Board's policy is to utilise gearing when the Manager believes it appropriate to do so, up to a maximum of 25% geared at the time of drawdown. Gearing for this purpose is defined as the excess amount above shareholders' funds of total assets (including net current assets/liabilities) less cash/cash equivalents, expressed as a percentage of the shareholders' funds. If the amount so calculated is negative, this is shown as a 'net cash' position.

Financial Statements

Notes to the Financial Statements continued

	2018	2017
	£'000	£'000
Investments at fair value through profit or loss	476,097	468,614
Current assets excluding cash and cash equivalents	1,185	851
Current liabilities excluding bank loans	(2,488)	(1,222)
	474,794	468,243
Net assets	433,706	430,105
Gearing (%)	9.5	8.9

The Board monitors and reviews the broad structure of the Company's capital on an ongoing basis. The review includes:

- the planned level of gearing which takes account of the Manager's views on the market;
- the level of equity shares in issue;
- 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 does not have any externally imposed capital requirements.

Corporate information

The Company's Investment Manager is Aberdeen Standard Investments (Asia) Limited, a wholly owned subsidiary of Standard Life Aberdeen plc. Assets under management of the combined investment division, Aberdeen Standard Investments, were £557.1 billion as at 30 June 2018.

Corporate Information

Information about the Manager

Aberdeen Fund Managers Limited

Aberdeen Fund Managers Limited ("AFML"), authorised and regulated by the Financial Conduct Authority, has been appointed as alternative investment fund manager to the Company. AFML has in turn delegated portfolio management to Aberdeen Standard Investments (Asia) Limited ("ASI Asia").

Aberdeen Standard Investments

Worldwide, Aberdeen Standard Investments manages a combined £557.1 billion (as at 30 June 2018) in assets for a range of clients, including individuals and institutions, through mutual and segregated funds.

Aberdeen Standard Investments has its headquarters in Edinburgh with principal offices in Aberdeen, London, Singapore, Philadelphia, Bangkok, Edinburgh, Hong Kong, Luxembourg, Kuala Lumpur, Jersey, Sao Paulo, Stockholm, Sydney, Taipei, and Tokyo.

The Investment Team Senior Managers

Hugh Young **Managing Director**

BA in Politics from Exeter University. Started investment career in 1980. In charge of ASI Asia's Far East funds since 1985.

Flavia Cheong **Head of Equities - Asia Pacific, Equities - Asia**

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 ASI Asia in August 1996.

Adrian Lim **Investment Director, Equities Asia**

Chartered Financial Analyst, B.Acc from Nanyang Technological University (Singapore). Joined ASI Asia in 2000 having previously been an associate director at Arthur Andersen.

Prukka Iamthongthong **Investment Director, Equities Asia**

Chartered Financial Analyst, BA in Business Administration from Chulalongkorn University, Thailand joined ASI Asia in 2007.

The Investment Process

Philosophy and Style

The Manager's investment philosophy is that markets are not always efficient. We (ASI Asia) 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 accounts for the

bulk of the activity within the portfolio during the year under review.

Risk Controls

ASI Asia seeks to minimise risk by its in depth research. We do not view divergence from a benchmark 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 benchmark relative terms, asset – including sector – allocation constitutes a significant constraint on stock selection. Hence diversification of stocks provides our main control.

ASI Asia'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

Stock Selection Process

Corporate Information

Investor Information

AIFMD

The Company has appointed Aberdeen Fund Managers Limited as its alternative investment fund manager and BNP Paribas Securities Services as its depositary under the AIFMD. Details of the leverage and risk policies which the Company is required to have in place under AIFMD are published in the Company's PIDD which can be found on the website asia-focus.co.uk. The periodic disclosures required to be made by the AIFM under the AIFMD are set out on page 85.

Comparative Indices

The Company does not have a benchmark, but the Investment Manager utilises two general regional indices, the MSCI AC Asia Pacific ex Japan Index (currency adjusted) and the MSCI AC Asia Pacific ex Japan Small Cap Index (currency adjusted), as well as peer comparisons for Board reporting.

Website

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

Investor Warning

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

These callers do not work for Aberdeen Standard Investments and any third party making such offers has no link with Aberdeen Standard Investments. Aberdeen Standard Investments does not 'cold-call' investors in this way. If you have any doubt over the veracity of a caller, do not offer any personal information, end the call and contact our Customer Services Department using the details on page 83.

The Financial Conduct Authority provides advice with respect to share fraud and boiler room scams at: fca.org.uk/consumers/scams.

Keeping You Informed

For internet users, detailed data on the Company, including price, performance information and a monthly

fact sheet is available from the Trust's website:

asia-focus.co.uk and the TrustNet website: trustnet.co.uk. Alternatively direct private investors can call 0808 500 00 40 (free when dialling from a UK landline) for trust information. Alternatively, internet users may email Aberdeen Standard Investments at inv.trusts@aberdeen-asset.com or write to Aberdeen Standard Investment Trusts, PO Box 11020, Chelmsford, Essex CM99 2DB.

Shareholder Enquiries

In the event of queries regarding their holdings of shares, lost certificates dividend payments, registered details, etc shareholders holding their shares in the Company directly should contact the registrars, Equiniti Limited at Aspect House, Spencer Road, Lancing West Sussex BN99 6DA or by telephoning on 0371 384 2416. Lines are open 8.30a.m. to 5.30 p.m. (London Time) Monday to Friday. Calls may be recorded and monitored randomly for security and training purposes.

Changes of address must be notified to the registrars in writing. Any general enquiries about the Company should be directed to the Company Secretary, Aberdeen Standard Asia Focus PLC, 40 Princes Street, Edinburgh EH2 2BY or by emailing company.secretary@aberdeenstandard.com.

Direct

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

Aberdeen Standard Investment Plan for Children

Aberdeen Standard Investments runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including the Company. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). All investments are free of dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £150 per trust, while regular savers may invest from £30 per month. Investors simply pay Government Stamp Duty (currently 0.5%) where applicable 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 Aberdeen Standard Investments in writing at any time. In common with other

schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Aberdeen Standard Investment Trust Share Plan

Aberdeen Standard Investments runs a Share Plan (the "Plan") through which shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) where applicable 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 Aberdeen Standard Investments in writing at any time. In common with other schemes of this type, all investments are held in nominee accounts. Investors have full voting and other rights of share ownership.

Aberdeen Standard Investment Trust ISA

Aberdeen Standard Investments operates an Investment Trust ISA ("ISA") through which an investment may be made of up to £20,000 in the tax year 2018/2019.

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 where applicable. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Investors have full voting and other rights of share ownership. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

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

Pre-investment Disclosure Document (PIDD)

The AIFMD requires Aberdeen Fund Managers Limited, as the alternative investment fund manager of Aberdeen Standard Asia Focus PLC, to make available to investors certain information prior to such investors' investment in the Company. The Company's PIDD is available for viewing at: asia-focus.co.uk.

Literature Request Service

For literature and information on the Investment Plan for Children, Share Plan, ISA or ISA Transfer including application forms for the Company and the Manager's investment trust products, please contact:

Aberdeen Standard Investment Trust Administration
PO Box 11020
Chelmsford
Essex, CM99 2DB
Telephone: 0808 500 00 40
(free when dialling from a UK landline)
Email: aam@lit-request.com

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

Online Dealing details

Investor information

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

Online dealing

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

AJ Bell Youinvest; Alliance Trust Savings; Barclays Stockbrokers / Smart Investor; Charles Stanley Direct; Equiniti / Shareview; Halifax Share Dealing; Hargreave Hale; Hargreaves Lansdown; iDealing; Interactive Investor / TD Direct; Selftrade; The Share Centre; Stocktrade

Discretionary private client stockbrokers

If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker

visit the Wealth Management Association at thewma.co.uk.

Independent Financial Advisers

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

Regulation of Stockbrokers

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

Suitable for Retail/NMPI Status

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

The Company currently conducts its affairs, and intends to continue to do so for the foreseeable future, in order that the shares issued by Aberdeen Standard Asia Focus PLC can be recommended by a financial adviser to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments (NMPIs).

The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

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.

The information on pages 82 to 84 has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority

Corporate Information

Alternative Investment Fund Managers Directive

Disclosures (Unaudited)

Aberdeen Standard Investments and the Company are required to make certain disclosures available to investors in accordance with the Alternative Investment Fund Managers Directive ('AIFMD'). Those disclosures that are required to be made pre-investment are included within a pre-investment disclosure document ('PIDD') which can be found on the Company's website asia-focus.co.uk. There have been no material changes to the disclosures contained within the PIDD since November 2017.

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

- Information on the investment strategy, geographic and sector investment focus and principal stock exposures are included in the Strategic Report.
- None of the Company's assets are subject to special arrangements arising from their illiquid nature.
- The Strategic Report, note 18 to the Financial Statements and the PIDD together set out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected.
- There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by AFML.
- All authorised Alternative Investment Fund Managers are required to comply with the AIFMD Remuneration Code. In accordance with the Remuneration Code, the Company's AIFM remuneration policy is available from the Company Secretaries, Aberdeen Asset Management PLC on request (see contact details on page 82) and the numerical remuneration in the disclosures in respect of the AIFM's reporting period for the year ended 30 September 2017 are available on the Company's website.

Leverage

The table below sets out the current maximum permitted limit and actual level of leverage for the Company:

	Gross method	Commitment method
Maximum level of leverage	2.50:1	2.00:1
Actual level at 31 July 2018	1.11:1	1.13:1

There have been no breaches of the maximum level during the period and no changes to the maximum level of leverage employed by the Company. There is no right of re-use of collateral or any guarantees granted under the leveraging arrangement. Changes to the information contained either within this Annual Report or the PIDD in relation to any special arrangements in place, the maximum level of leverage which AFML may employ on behalf of the Company; the right of use of collateral or any guarantee granted under any leveraging arrangement; or any change to the position in relation to any discharge of liability by the Depositary will be notified via a regulatory news service without undue delay in accordance with the AIFMD.

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

General

Notice of Annual General Meeting

Notice is hereby given that the twenty-third Annual General Meeting of Aberdeen Standard Asia Focus PLC (*formerly Aberdeen Asian Smaller Companies Investment Trust PLC*) will be held at Bow Bells House, 1 Bread Street, London EC4M 9HH, at 11.30 a.m. on 16 January 2019 for the following purposes:

To consider and if thought fit, pass the following Resolutions of which Resolutions 1 to 10 will be proposed as Ordinary Resolutions and Resolutions 11 to 13 as Special Resolutions:

Ordinary Business

1. To receive and adopt the Directors' Report and financial statements for the year ended 31 July 2018, together with the auditor's report thereon.
2. To receive and adopt the Directors' Remuneration Report for the year ended 31 July 2018 (other than the Directors' Remuneration Policy).
3. To approve the payment of a final dividend of 13.0p per Ordinary share.
4. To approve the payment of a special dividend of 4.0p per Ordinary share.
5. To re-elect Mr N.K. Cayzer as a Director.
6. To re-elect Mr M.J. Gilbert as a Director.
7. To re-elect Ms H. Fukuda as a Director.
8. To re-elect Mr C.S. Maude as a Director.
9. To re-appoint Ernst & Young LLP as auditor and to authorise the Directors to determine their remuneration.

Special Business

10. THAT in substitution for all existing powers the Directors of the Company be generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the "Act"), to allot shares in the Company, and to grant rights ("Relevant Rights") to subscribe for, or to convert any security into, shares in the Company:

(a) up to an aggregate nominal amount of £2,890,314; and

(b) up to a further aggregate nominal amount of £2,890,314 in connection with an offer made by means of a negotiable document to (a) all holders of Ordinary shares of 25p each in the capital of the Company ("Ordinary shares") in proportion (as nearly as may be) to the respective numbers of such Ordinary shares held by them and (b) to holders of other equity securities required by the rights of those securities (but subject to such exclusions, limits or restrictions or other arrangements as the Directors of the Company may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in or under the laws of any territory, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever);

such authorisation to expire at the conclusion of the next Annual General Meeting of the Company to be held in 2020 unless previously renewed, revoked or varied by the Company in general meeting, save that the Company may at any time before the expiry of this authorisation make an offer or enter into an agreement which would or might require shares to be allotted or Relevant Rights to be granted after the expiry of this authorisation and the Directors of the Company may allot shares or grant Relevant Rights in pursuance of any such offer or agreement as if the authorisation conferred hereby had not expired.

11. THAT subject to the passing of Resolution numbered 10 above and in substitution for all existing powers the Directors be empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of Section 560 (1), (2) and (3) of the Act) either pursuant to the authorisation under Section 551 of the Act as conferred by Resolution 10 above or by way of a sale of treasury shares, in each case for cash as if Section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities (otherwise than pursuant to sub-paragraph (b) below) up to an aggregate nominal amount of £867,094 which are, or are to be, wholly paid up in cash, at a price representing a premium to the net asset value per share at allotment, as determined by the Directors, and do not exceed up to 10% of the issued share capital (as at the date of the Annual General Meeting convened by this notice); and

(b) the allotment of equity securities in connection with an offer to (a) all holders of Ordinary shares of 25p each in the capital of the Company in proportion (as nearly as may be) to the respective numbers of Ordinary shares held by them

and (b) to holders of other equity securities as required by the rights of those securities (but subject in either case to such exclusions limits or restrictions or other arrangements as the Directors may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of, or requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever) at a price representing a premium to the net asset value per share at allotment, as determined by the Directors; and

such power shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2020, 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 allotted after such expiry and the Directors may do so as if such expiry had not occurred.

12. THAT, the Company be generally and unconditionally authorised in accordance with Section 701 of the Companies Act 2006 (the "Act") to make market purchases (within the meaning of Section 693(4) of the Act) of Ordinary shares of 25p each in the capital of the Company ("Ordinary shares"), and to cancel or hold in treasury such shares provided that:

(a) the maximum number of Ordinary shares hereby authorised to be purchased is 14.99% of the Ordinary shares in issue as at the date of the passing of this Resolution 12;

(b) the minimum price which may be paid for an Ordinary share is 25p;

(c) the maximum price (exclusive of expenses) which may be paid for an Ordinary share shall not be more than the higher of (i) an amount equal to 5% above the average of the middle market quotations for an Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the Ordinary share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out;

(d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2020 unless such authority is renewed, revoked or varied prior to such time by the Company in general meeting; and

(e) the Company may make a contract to purchase Ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Ordinary shares pursuant to any such contract.

13. THAT a general meeting other than an Annual General Meeting may be called on not less than 14 days' notice.

 Bow Bells House 
1 Bread Street
London EC4M 9HH
26 November 2018

By order of the Board
Aberdeen Asset Management PLC
Secretaries

General

Notice of Annual General Meeting continued

Notes:

1. In accordance with Section 311A of the Companies Act 2006, the contents of this Notice of Meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website asia-focus.co.uk.
2. As a member, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the Meeting. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share. A form of proxy is enclosed.
3. To be valid, any form of proxy or other instrument of proxy and any 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 Company's registrars so as to arrive not less than 48 hours before the time fixed for the meeting. The return of a completed form of proxy or other instrument of proxy will not prevent you attending the Meeting and voting in person if you wish to do so.
4. The right to vote at the meeting is determined by reference to the Company's Register of Members as at 6.30 p.m. on 14 January 2019 or, if this meeting is adjourned, at 6.30 p.m. on the day two business days prior to the adjourned meeting. Changes to the entries on that Register after that time shall be disregarded in determining the rights of any member to attend and vote at the meeting.
5. As a member you have the right to put questions at the meeting relating to the business being dealt with at the meeting.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
7. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual which can be viewed at euroclear.com. The message must be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his or her proxy(ies) will need to ensure that both he or she and such proxy(ies) comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.
11. The statement of the rights of members in relation to the appointment of proxies in paragraphs 2 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
12. As at close of business on 9 November 2018 (being the latest practicable date prior to publication of this document), the Company's issued share capital comprised 34,683,772 Ordinary shares of 25 pence each and there were a further 7,031,512 shares held in treasury. 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 close of business on 9 November 2018 is 34,683,772. Treasury shares represent 20.3% of the total issued Ordinary share capital (inclusive of treasury shares).
13. No Director has a service contract with the Company, however, copies of Directors' letters of appointment will be available for inspection for at least 15 minutes prior to the meeting and during the meeting.
14. Under Section 338 of the Companies Act 2006, members may require the Company to give, to members of the Company entitled to receive this Notice of Meeting, notice of a resolution which may properly be moved and is

intended to be moved at the Meeting. Under Section 338A of that Act, members may request the Company to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may be properly included in the business.

15. Members should note that it is possible that, pursuant to requests made by the members of the Company under Section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid out before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on the website.
16. Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.
17. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
18. There are special arrangements for holders of shares through Aberdeen Standard Investment's Investment Plan for Children, Investment Trust Share Plan and Investment Trust Individual Savings Account ('Plan Participants'). These are explained in the separate 'Letter of Direction' which Plan Participants will have received with this Annual Report.

General Glossary of Terms and Definitions

ASI Asia or the Investment Manager	Aberdeen Standard Investments (Asia) Limited (on 3 September 2018 Aberdeen Asset Management Asia Limited changed its name to Aberdeen Standard Investments (Asia) Limited) is a wholly owned subsidiary of Standard Life Aberdeen plc and acts as the Company's investment manager
Standard Life Aberdeen plc	Standard Life Aberdeen plc was formed by the merger of Aberdeen Asset Management PLC and Standard Life plc on 14 August 2017
Aberdeen Standard Investments	Aberdeen Standard Investments is a brand of the investment businesses of Standard Life Aberdeen plc
Standard Life Aberdeen Group	the Standard Life Aberdeen group of companies
AFML or Manager	Aberdeen Fund Managers Limited
AIC	Association of Investment Companies
AIFM	the alternative investment fund manager, being AFML
AIFMD	The Alternative Investment Fund Managers Directive
Alternative Performance Measures	Alternative performance measures are numerical measures of the Company's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Company's applicable financial framework includes FRS 102 and the AIC SORP

The Directors assess the Company's performance against a range of criteria which are viewed as particularly relevant for closed-end investment companies. Total return is considered to be an alternative performance measure. NAV total return involves investing the same net dividend in the NAV of the Company with debt at fair value on the date on which that dividend was earned. Share price total return involves reinvesting the net dividend in the month that the share price goes ex-dividend

The tables below provide information relating to the NAVs and share prices of the Company on the dividend reinvestment dates during the years ended 31 July 2018 and 31 July 2017

2018	Dividend rate	NAV	Share price
31 July 2017	N/A	1192.49p	1062.00p
2 November 2017	16.00p	1273.76p	1065.00p
31 July 2018	N/A	1231.90p	1050.00p
Total return		4.6%	0.4%
2017	Dividend rate	NAV	Share price
31 July 2016	N/A	1042.99p	924.00p
5 November 2016	10.50p	1130.38p	968.00p
31 July 2017	N/A	1192.49p	1062.00p
Total return		15.4%	16.2%

Ongoing charges

Ongoing charges is considered to be an alternative performance measure. The ongoing charges ratio has been calculated in accordance with guidance issued by the AIC as the total of investment management fees and administrative expenses and expressed as a percentage of the average net asset values throughout the year

	2018	2017
Investment management fees (£'000)	4,155	3,641
Administrative expenses (£'000)	1,092	1,206
Less: non-recurring charges (£'000)	-	(11)
Ongoing charges (£'000)	5,247	4,836
Average net assets (£'000)	429,584	417,808
Ongoing charges ratio	1.22%	1.16%

The ongoing charges ratio provided in the Company's Key Information Document is calculated in line with the PRIIPs regulations

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
CULS 2025	The £37 million nominal of 2.25% Convertible Unsecured Loan Stock 2025 issued on 29 May 2018
CULS Conversion Date	The CULS is convertible at any time during the periods of 28 days ending on 30 November and 31 May in each year commencing November 2018 and ending May 2025 (each such period and any other period during which Conversion Rights may be exercised being a "Conversion Period") conversions requests are to be received by 5.00 p.m. on the last day of the relevant Conversion Period (each such last day being a "Conversion Date" and the Conversion Date falling on 31 May 2025 or Final Repayment Date being the "Final Conversion Date")
CULS Conversion Price	The CULS is convertible semi-annually on the Conversion Date on the basis of 1465p nominal of CULS for one Ordinary share. This equated to a 20% premium to the unaudited NAV per Ordinary share (including income) on 18 May 2018, rounded down to the nearest 5 pence
Dilution	Dilution is the potential impact of the conversion of CULS to Ordinary shares on the net asset value and share price of the Company
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 NAV per share
Dividend Cover	Earnings per share divided by dividends per share expressed as a ratio
Dividend Yield	The annual dividend expressed as a percentage of the share price
FRC	Financial Reporting Council
Leverage	For the purposes of the Alternative Investment Fund Managers (AIFM) Directive, leverage is any method which increases the Company's exposure, including the borrowing of cash and the use of derivatives. It is expressed as a ratio between the Company's exposure and its net asset value and can be calculated on a gross and a commitment method. Under the gross method, exposure

General Glossary of Terms and Definitions continued

	represents the sum of the Company's positions after the deduction of sterling cash balances, without taking into account any hedging and netting arrangements. Under the commitment method, exposure is calculated without the deduction of sterling cash balances and after certain hedging and netting positions are offset against each other
Net Asset Value or NAV	The value of total assets less liabilities. Liabilities for this purpose include current and long-term liabilities. The net asset value divided by the number of shares in issue produces the net asset value per share
Net Gearing	Net gearing is calculated by dividing total assets (as defined below) less cash or cash equivalents by shareholders' funds expressed as a percentage
Ongoing Charges	Ratio of expenses as percentage of average daily shareholders' funds calculated as per the industry standard
PIDD	The pre-investment disclosure document made available by the AIFM in relation to the Company
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
Prior Charges	The name given to all borrowings including CULS, long and short term loans and overdrafts that are to be used for investment purposes, reciprocal foreign currency loans, currency facilities to the extent that they are drawn down, index-linked securities, and all types of preference or preferred capital and the income shares of split capital trusts, irrespective of the time until repayment
Total Assets	Total assets less current liabilities (before deducting prior charges as defined above)
Total Return	Total return involves reinvesting the net dividend in the month that the share price goes ex-dividend. The NAV total return (including diluted) involves investing the same net dividend in the NAV of the trust on the date to which that dividend was earned

General

Your Company's Recent Share Capital History

Issued Share Capital at 31 July 2018

35,208,272	Ordinary shares of 25p (excluding treasury shares)
6,507,012	Ordinary shares held in treasury

Capital History

19 October 1995	35,000,000 Ordinary shares of 25p each placed at 100p with 7,000,000 Warrants attaching, each conferring the right to subscribe for one Ordinary share of 25p at 100p
Year ended 31 July 2010	502,069 Ordinary shares purchased for treasury at prices ranging from 296.7p to 455.0p and 442,698 Ordinary shares issued following the exercise of Warrants
Year ended 31 July 2011	3,823,595 Ordinary shares issued following the final exercise of Warrants
18 May 2012	£35 million nominal of Convertible Unsecured Loan Stock 2019 ("CULS") issued at 100p per unit
Year ended 31 July 2013	23,372 new Ordinary shares issued following the conversion of 194,182 units of CULS in December 2012 and 182,787 new Ordinary shares issued following the conversion of 1,517,404 units of CULS in May 2013
Year ended 31 July 2013	2,605,000 Ordinary shares issued for cash and sold from treasury at a premium to NAV
Year ended 31 July 2014	300,000 Ordinary shares issued for cash at a premium to NAV; 23,228 new Ordinary shares issued following the conversion of 192,896 units of CULS in December 2013; and, 2,210 new Ordinary shares issued following the conversion of 18,397 units of CULS in May 2014
Year ended 31 July 2015	142,000 Ordinary shares purchased for treasury at a discount to NAV; 3,510 new Ordinary shares issued following conversion of 29,188 units of CULS in December 2014; 573 new Ordinary shares issued following conversion of 4,790 units of CULS in June 2015
Year ended 31 July 2016	2,059,834 Ordinary shares purchased for treasury at a discount to NAV; 137 new Ordinary shares issued following conversion of 1,137 units of CULS in December 2015; 141 new Ordinary shares issued following conversion of 1,176 units of CULS in June 2016
Year ended 31 July 2017	1,091,750 Ordinary shares purchased for treasury at a discount to NAV; 2,595 new Ordinary shares issued following conversion of 21,594 units of CULS in December 2016; 3,546 new Ordinary shares issued following conversion of 29,473 units of CULS in June 2017
Year ended 31 July 2018	2,137,138 Ordinary shares purchased for treasury at a discount to NAV; 323,835 new Ordinary shares issued following conversion of 2,687,937 units of CULS in December 2017
29 May 2018	£37 million nominal of 2.25% Convertible Unsecured Loan Stock 2025 issued at 100p per unit. 2019 CULS redeemed and/or converted into Ordinary shares.

Contact Addresses

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Chris Maude
Philip Yea

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Foreign Account Tax Compliance Act ("FATCA")

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