

Schroder

Oriental Income Fund Limited

Report and Accounts to 31 August 2008



Schroders

Investment Objective

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

Directors

Robert Sinclair*† (Aged 59)

(Chairman)

was appointed as a non-executive Director of the Company on 17 June 2005. Mr Sinclair is the Managing Director of Artemis Trustees Limited. Mr Sinclair has over 40 years experience in finance and accountancy of which 30 years have been spent in the Guernsey Financial Services industry. Mr Sinclair has extensive experience of offshore trusts and corporate entities and financial planning for both individuals and corporations. Mr Sinclair is a director of ING UK Real Estate Investment Trust Limited which is quoted on the London Stock Exchange. Mr Sinclair is also a director of several fund management companies. He is a fellow of the Institute of Chartered Accountants in England and Wales. Mr Sinclair is a resident of Guernsey.

Fergus Dunlop*† (Aged 50)

was appointed as a non-executive Director of the Company on 21 April 2008. Mr Dunlop is a Director of Signet Global Fixed Income Strategies Limited and several other Channel Island based investment funds. Mr Dunlop has over twenty years' experience in investment companies in London, Frankfurt, Munich and the Channel Islands. Mr Dunlop joined Mercury Asset Management (later Merrill Lynch Investment Managers) in London in 1987 and managed their joint venture with Munich Reinsurance, and its

Jersey subsidiary. In 1997 he moved to Mercury's office in Frankfurt. After leaving Mercury at the end of 2001 he joined SÜDPROJEKT as a partner. Mr Dunlop is a resident of Guernsey.

Peter Rigg*† (Aged 60)

was appointed as a non-executive Director of the Company on 17 June 2005. Mr Rigg is the Chairman of Polarcus, a Dubai-based seismic survey company. He is a board director of General Enterprise Management Services Limited ("GEMS") a private equity fund manager investing principally in Asian companies. Between 1989 and 1995, Mr Rigg worked for the CS First Boston Group in Hong Kong, where he held various roles, including acting as board representative of International Investment Trust Co., a leading Taipei-based fund management company; managing director and Hong Kong-based head of Asian equity capital markets; and managing director and head of investment banking for CS First Boston (Hong Kong) Limited. Prior to that, Mr Rigg worked for Credit Suisse First Boston Limited in London as director for Asian investment banking and as a solicitor in banking and private practice. Mr Rigg is a resident of the United Kingdom.

Christopher Sherwell† (Aged 60)

was appointed as a non-executive Director of the Company on 17 June 2005. Mr Sherwell is a non-executive director of a number of investment-related companies. He was Managing Director of Schroders (C.I.) Limited from April 2000 until January 2004, and served as a director of various Schroder group companies and investment funds. He remains a non-executive director of Schroders (C.I.) Limited. His other directorships include chairmanship of Consulta (Channel Islands) Limited, a specialist investment management company, and Hermes Absolute Return Fund (Guernsey) Limited, a fund of hedge funds. Before joining Schroders in 1993, Mr Sherwell worked as Far East regional strategist with Smith New Court Securities in London and Hong Kong. Mr Sherwell was previously a journalist, working for the Financial Times. Mr Sherwell is a resident of Guernsey.

* member of the Audit and Management Engagement Committees.

† member of the Nomination Committee.

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

Mr Sinclair is chairman of the Nomination Committee.

Advisers

Investment Manager

Schroder Investment Management Limited
31 Gresham Street, London EC2V 7QA

Company Secretary and
Administrator

Schroder Investment Management Limited
31 Gresham Street, London EC2V 7QA
Telephone: 020 7658 3206

Registered Office

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

Bankers

ING Bank NV
60 London Wall,
London EC2M 5TQ

Custodian

JP Morgan Chase Bank, N.A.
1 Chaseside
Bournemouth BH7 7DB

Independent Auditors

Ernst & Young LLP
14 New Street
St Peter Port
Guernsey GY1 4AF

Registrar

Northern Trust International Fund
Administration Services (Guernsey) Limited
PO Box 255
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3QL

Solicitors

Eversheds LLP
1 Wood Street
London EC2V 7WS

Stockbrokers

Winterflood Investment Trusts
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

Contents

Investment Objective	Inside Front Cover
Directors and Advisers	Inside Front Cover
Financial Highlights	2
Chairman's Statement	3
Investment Manager's Review	5
Investment Portfolio	7
Report of the Directors – Incorporating the Business Review	10
Directors' Remuneration Report	16
Statement of Directors' Responsibilities	17
Corporate Governance	18
Independent Auditors' Report	22
Income Statement	23
Statement of Changes in Equity	24
Balance Sheet	25
Cash Flow Statement	26
Notes to the Accounts	27
Notice of Meeting (Including Explanatory Notes)	40
Company Summary and Shareholder Information	Inside Back Cover

Financial Highlights

	31 August 2008	31 August 2007	% Change
Shareholders' funds	£179.01m	£197.27m	(9.3)
Net asset value per ordinary share	115.31p	125.61p	(8.2)
Net asset value per ordinary share (excluding undistributed current year revenue)	110.61p	121.79p	(9.2)
Share price	101.50p	117.75p	(13.8)
Discount	8.23%	3.32%	
Total expense ratio (TER)*	0.95%	0.96%	
	For the year ended 31 August 2008	For the year ended 31 August 2007	
Net revenue return per ordinary share	7.14p	5.84p	22.3
Dividends per share	5.43p	4.95p	9.6
Share price Total Return**	(10.1)%	29.3%	
NAV Total Return**	(6.7)%	27.8%	

* Calculated in accordance with AIC guidance and based on operating costs, excluding performance fees, finance costs and expressed as a percentage of average monthly net assets.

** Source: Fundamental Data

Chairman's Statement

Performance

During the year ended 31 August 2008, the Company's net asset value produced a negative total return of 6.7%. The share price produced a negative total return of 10.1% during the year as market sentiment towards the asset class declined.

As described in more detail in the Investment Manager's Review, the year under review has been overtaken by events across stock markets worldwide since the end of the year. Since 31 August 2008 performance has been disappointing and the net asset value per share has fallen from 115.31p per share to 67.51p per share and the share price from 101.5p per share to 59.5p per share (as at the close on 31 October 2008).

Dividends

I am pleased to report a second interim dividend of 2.95p per share, bringing total dividends for the year ended 31 August 2008 to 5.425p per share (2007: 4.95p) and representing a 9.6% increase on total dividends paid last year. The second interim dividend of 2.95p per share will be paid on 5 December 2008 to shareholders on the Register on 21 November 2008.

Discount management

During the year under review, the Company's ordinary shares traded within a range between a discount of 12.0% and a premium of 1.6% to net asset value. The Directors continued to implement an active discount management policy and, although the discount has widened above the 5 per cent long-term target at various times during the year, the share buy-back policy has greatly assisted in reducing the volatility in the discount. A total of 1,811,000 shares were purchased for cancellation during the year ended 31 August 2008 and 721,000 shares have been purchased for cancellation since the end of the year. The average discount during the year under review was 6.4%.

A resolution has been included in the Notice of the Annual General Meeting which, if passed, will renew the authority allowing the Company to purchase up to 14.99% of its share capital for cancellation for a further year. This will allow the Directors to continue to implement an active discount management policy with a view to seeking to reduce the volatility in the discount over the coming year.

Gearing

At the start of the year under review, the Company had in place a revolving credit facility of £45 million and this was reduced to £35 million in August 2008. Since the end of the year, the credit facility was again reduced to £24.5 million. Net effective gearing during the year represented 10.8% of net assets at the beginning of the year under review and 10.1% at the end of the year.

As stated in the Listing Particulars, the Company's policy is to permit borrowings of up to 25% of the Company's net asset value. During the year, the average borrowings (based on month-end net asset value) employed by the Company were 11.9%.

Directors

As I indicated in my Interim Statement, I am pleased to welcome Mr Fergus Dunlop as a Director of the Company with effect from 21 April 2008. Fergus, aged 50, is a resident of Guernsey. He has twenty years' experience in investment companies, in London, Frankfurt, Munich and the Channel Islands and his full biography may be found on the inside front cover of this report.

In accordance with the Articles of Association, Mr Dunlop will be proposed for election at the forthcoming Annual General Meeting to be held in December.

Chairman's Statement

Outlook

Regional markets have, in common with other stock markets around the world, suffered from the effects of the global credit crisis, particularly in the last few weeks, and in the short-term, further volatility cannot be ruled out. However, the portfolio is positioned to benefit from any longer-term upside in the markets and our Manager remains focussed on companies with resilient business models, good management and relatively strong balance sheets.

Annual General Meeting

The Annual General Meeting will be held in Guernsey at 12.00 noon on Tuesday 9 December 2008 and shareholders are invited to attend.

Robert Sinclair

Chairman

12 November 2008

Investment Manager's Review

Performance and Portfolio Activity

The modest decline in the asset value of the Company was a little less than the 7.1% fall in the MSCI All Country Pacific ex Japan index. The income focus of the portfolio has provided some defensiveness for the underlying portfolio, while the underweightings in China and Korea, along with our significant positions in Hong Kong and Singapore, have also aided relative performance. On the other hand, the gearing has not been helpful, and stock selection in Australia was poor.

In terms of policy, the major exposures have remained fairly stable, with the four markets of Australia, Taiwan, Singapore and Hong Kong comprising the bulk of the Company's portfolio, complemented by a significant weighting in emerging ASEAN markets. At the margin, we have added to our positions in Hong Kong and Taiwan while reducing positions in Australia, primarily selling stocks in the financial sector.

Investment Outlook

Since the end of the reporting year, global markets have fallen sharply amid frantic attempts to shore up the global banking system and a steep slowdown in economic activity. There is clearly a high degree of pessimism over the duration of the credit crisis, and although consensus economic forecasts may not yet reflect it, an assumption that at least the first half of 2009 will remain extremely tough.

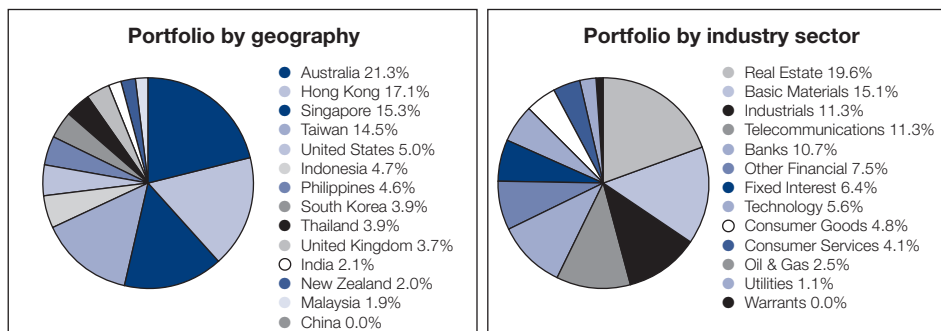
After a great deal of muddled thinking (and generally a failure to grasp the depths of the problems in the financial sector) global authorities are taking dramatic action. The recapitalisation of banks and the injection of massive liquidity are part of the solution, but arguably more powerful will be significant and co-ordinated declines in short-term interest rates. This looks inevitable given the rapid deceleration in activity and the steep fall in global inflation in prospect.

Meanwhile, the region's equities do look good value, with valuations back to previous low points including the trough of the Asian crisis in late 1998. There are also some important fundamental supports for the region including abundant savings, generally lowly geared financial systems, and strong fiscal positions. Clearly, corporate earnings are likely to undergo significant downward revisions, but we believe investment on a longer-term view will prove rewarding.

In the short term, further volatility cannot be ruled out, and there has been evidence of an indiscriminate aspect to market activity (perhaps reflecting forced selling due to redemptions and hedge fund de-leveraging). However, we seek to position the portfolio to capture upside, with a focus on strong resilient business models, good management and relatively strong balance sheets. We therefore remain overweight in the relatively defensive markets of Hong Kong and Singapore at the expense of Korea given the relatively high leverage. Direct exposure to China remains fairly limited, but we look to raise exposure in view of declining inflation and interest rates, and valuations that now look more reasonable.

Sector and Country Weights

Percentage of Investments in Portfolio (Excluding Cash)



Source: Schroders as at 31 August 2008

Schroder Investment Management Limited

12 November 2008

Investment Portfolio

As at 31 August 2008

Company	Industrial Classification	Location and Activity	Market Value of Holding £'000	% of Shareholders' Funds
Rio Tinto	Mining	Multi national mining group based in Australia	7,319	4.09
Chunghwa Telecom	Fixed Line Telecommunications	Taiwanese provider of telecommunication services	6,006	3.36
BOC Hong Kong Holdings	Banks	Hong Kong banking group	5,901	3.30
Alumina	Industrial Metals	Australian company investing in bauxite mining, alumina refining and aluminium smelting operations	5,549	3.10
Philippine Long Distance Telephone	Fixed Line Telecommunications	Domestic cellular and international long distance telephone provider in the Philippines	5,511	3.08
Suntec Real Estate Investment Trust	Real Estate Investment Trust	Singapore based REIT, which owns and manages a portfolio of retail and commercial properties	5,059	2.83
KT & G	Tobacco	Indonesian manufacturer of tobacco products	4,622	2.58
Ascendas Real Estate Investment Trust	Real Estate Investment Trust	Singapore based REIT, which owns a diversified portfolio of commercial properties in business and science parks	4,570	2.55
Macquarie Communications	Technology Hardware & Equipment	Operates networks of broadcast infrastructure in Australia	4,333	2.42
Taiwan Semiconductor Manufacturing	Technology Hardware & Equipment	Taiwanese manufacturer of semiconductor products	4,201	2.35
Niko Resources	Oil & Gas Producers	Indian based developer and producer of petroleum and natural gas	4,167	2.33
Orica	Chemicals	Australian group manufacturing explosives	4,067	2.27
Fortune Real Estate Investment Trust	Real Estate Investment Trust	Singapore based REIT, with a portfolio of shopping malls in Hong Kong	4,043	2.26
Cambridge Industrial Estate	Real Estate Investment Trust	Singapore based REIT, with a portfolio of industrial properties	3,915	2.19
Far EastOne Telecommunications	Mobile Telecommunications	Taiwanese provider of mobile communications services	3,891	2.17
Westpac Banking	Banks	Australian banking group	3,884	2.17
Dah Sing Banking	Banks	Hong Kong financial services group	3,857	2.15
Suncorp-Metway	Banks	Australian bank and general insurance group	3,768	2.10
Taiwan Mobile Company	Mobile Telecommunications	Taiwanese provider of mobile communications services	3,732	2.08
Indonesia (Govt) 11% 15/12/2012	Fixed Interest	Indonesian treasury stock	3,548	1.98
Twenty Largest Investments			91,943	51.36
Babcock & Brown Japan Property Trust	Real Estate Investment Trust	Invests, manages and develops office and retail properties in Japan	3,406	1.90
Cathay Financial Holding	Financial Services	Taiwanese financial services group	3,324	1.86
GZI Real Estate Investment Trust	Real Estate Investment Trust	Hong Kong based REIT with a portfolio of Hong Kong properties	3,288	1.84
MobileOne Ltd	Mobile Telecommunications	Provider of mobile telecommunications to the Singapore Telecom market	3,046	1.70
Macquarie International Infrastructure Fund	Equity Infrastructure Instruments	Singapore based investment company	3,030	1.69
Champion REIT	Real Estate Investment Trust	REIT owning and investing in office and commercial properties primarily in Hong Kong	2,960	1.65
China Steel	Industrial Metals	Taiwan based manufacturer of steel	2,852	1.59
Sky City Entertainment Group	Travel & Leisure	New Zealand based entertainment group	2,769	1.55
TV Broadcasts	Media	Hong Kong commercial television station	2,756	1.54
Hopewell Holdings	Real Estate & Investment Services	Hong Kong based group with diversified interests in property investment and development, highway infrastructure, hotels and hospitality, and construction	2,735	1.53
Jardine Strategic Holdings	General Industrials	Large holding company in Singapore, including stakes in dairy farms, hotels and financial services.	2,602	1.45

Investment Portfolio

As at 31 August 2008

Company	Industrial Classification	Location and Activity	Market Value of Holding £'000	% of Shareholders' Funds
Macquarie Bank Warrants	Banks	Diversified international provider of banking, financial, advisory and investment services, based in Australia	2,414	1.35
Panin Life	Life Insurance	Indonesia-based life insurance company	2,392	1.34
Siliconware Precision	Technology Hardware & Equipment	Taiwanese turnkey solutions provider	2,303	1.29
Swire Pacific	General Industrials	Diversified Hong Kong company with interests in property, aviation, beverages, marine services and trading & industrial	2,203	1.23
Glow Energy	Electricity	Supplier of electricity and steam, based in Thailand	2,157	1.20
Crown	Travel & Leisure	Entertainment group in Australia	2,153	1.20
Far Eastern Textiles	Personal Goods	Taiwanese textile manufacturer	2,071	1.16
Capitacommercial Trust United Group	Real Estate Investment Trust Construction & Materials	Singapore based REIT Broad based infrastructure services company, based in Australia	1,942	1.08
Agile Property Holdings Ltd 9% 22/09/2013	Fixed Interest	Corporate bond based in Hong Kong	1,892	1.06
Energy Resources of Australia Semirara Mining	Industrial Metals Mining	Australian producer of uranium Large-scale coal producer in the Philippines	1,886	1.05
Philippines (Republic of) 9.375% Bonds 18/01/2017	Fixed Interest	Government bond	1,863	1.04
Gunns	Forestry & Paper	Largest fully integrated hardwood forest products company based in Australia	1,831	1.02
Guoco Group	Financial Services	Diversified holding company, whose subsidiary companies provide a range of banking and financial services based in Hong Kong	1,792	1.00
Fraser & Neave	General Industrials	Pan Asian consumer group with core expertise in the food and beverage, property and publishing & printing industries	1,728	0.97
Min Xin Holdings	Non-life Insurance	Division of insurance services in Hong Kong and China	1,694	0.95
Panva Gas Holdings Ltd 8.25% Bonds 23/09/2011	Fixed Interest	Chinese corporate bond	1,620	0.90
Macquarie Infrastructure Group	Industrial Transportation	One of the world's largest developers and operators of private toll roads in Australia	1,592	0.89
MGTI Finance Co Ltd 9.125% Bonds 15/09/2010	Fixed Interest	Chinese corporate bond	1,572	0.88
International Nickel Indonesia	Mining	Exploration and mining, processing, storage, transportation and marketing of nickel and associated mineral products in Indonesia	1,558	0.87
Camerlin Group	Construction & Materials	Provision of investment holding services in Malaysia	1,549	0.87
Daelim Industrial	Construction & Materials	Korean industrial design and construction company	1,515	0.85
Sino Forest Corporation 9.125% Bonds 17/08/2011	Fixed Interest	Chinese corporate bond	1,510	0.84
LPN Development	Real Estate & Investment Services	Leader of condominium business and property sales in Thailand	1,473	0.82
Daewoo Shipbuilding & Marine Engineering	Industrial Engineering	Korea based contractor specialising in shipbuilding and engineering	1,430	0.80
Citic Pacific	General Industrials	Special steel manufacturing and iron ore mining in China and Hong Kong	1,406	0.79
Hanjaya Mandala Sampoerna	Tobacco	Leading tobacco company in Indonesia	1,345	0.75
Gamuda	Construction & Materials	Malaysian engineering and construction industry	1,258	0.70
			1,250	0.70

Investment Portfolio

As at 31 August 2008

Company	Industrial Classification	Location and Activity	Market Value of Holding £'000	% of Shareholders' Funds
CPN Retail Growth Property Fund	Real Estate Investment Trust	Thailand REIT, investing in income-generating properties in Thailand	1,165	0.65
Fletcher Building	Construction & Materials	New Zealand based building materials manufacturer and distributor	1,164	0.65
Tisco Finance	Banks	Thailand financial services	1,159	0.65
OZ Minerals	Mining	Australian diversified mining company and producer of zinc	1,065	0.59
Adelaide Brighton	Construction & Materials	Australian construction company	1,020	0.57
Asia Financial Holdings	Financial Services	Insurance, pensions, healthcare and investments. Operates in China, Hong Kong and Southeast Asia	1,004	0.56
Cheuk Nang Holdings	Real Estate & Investment Services	Investing, developing, leasing, trading and managing properties. Operates in Hong Kong, China and Malaysia	990	0.55
Hong Kong Land Holdings	Real Estate & Investment Services	Property investment, management and development group with a major portfolio in Hong Kong	990	0.55
Iluka Resources	Mining	Global leader in the mineral sands industry, based in Australia	905	0.51
Midland Realty Holdings	Real Estate & Investment Services	Real estate agency in Hong Kong	843	0.47
Arrow Energy	Oil & Gas Producers	Leading Australian integrated energy company	819	0.46
Aboitiz Equity Ventures	General Industrials	Filipino based management and investment company	798	0.45
China State Construction International	Construction & Materials	Construction contractor in Hong Kong	797	0.44
DMCI Holdings	Mining	Holding company for group engaged in building, construction, real estate and property development, and coal mining in the Philippines	774	0.43
James Hardie Industries	Construction & Materials	Manufacturer of home building products	772	0.43
Kiatnakin Finance	Financial Services	Provision of financial services, brokerage, and investment advice. Based in Thailand	618	0.35
IOI Properties	Real Estate & Investment Services	Holding company with subsidiaries engaged in property development and investment based in Malaysia	602	0.34
China Everbright	Financial Services	Financial services company in asset management, brokerage and investment banking based in Hong Kong	599	0.33
Bangkok Expressway	Industrial Transportation	Road construction based in Thailand	564	0.32
Thai Union Frozen Products	Food Producers	Producer and exporter of frozen and canned seafood	516	0.29
China Everbright Purchase Note 08/10/2008	Fixed Interest	Hong Kong based corporate bond	498	0.28
Chow Sang Sang Holdings	General Retailers	Manufacture and retail of jewellery and precious metals in Hong Kong, China and Taiwan	375	0.21
Panin Life Warrants	Life Insurance	Indonesia-based life insurance company	370	0.21
Australian Agriculture	Food Producers	Beef production based in Australia	355	0.20
Denway Motors	Automobiles & Parts	Manufacture, assembly and trading of motor vehicles in China	324	0.18
Glomac	Real Estate & Investment Services	Malaysian property developer	309	0.17
YGM Trading	Personal Goods	Hong Kong based textile and retail industry	225	0.13
China State Construction Warrants	Construction & Materials	Construction contractor based in Hong Kong	1	0.00
Total Investments			195,672	109.31
Net current liabilities			(16,661)	(9.31)
Total equity shareholders' funds			179,011	100.00

At 31 August 2007, the twenty largest investments represented 54.87% of shareholders' funds.

Report of the Directors – Incorporating the Business Review

The Directors submit their Report and Accounts of the Company for the year ended 31 August 2008.

Company's Business

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

Business Review

Investment Objective

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

Investment Strategy

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

Investment Policy

The investment policy of the Company is to invest in a diversified portfolio of investments, primarily equities and equity-related investments, of companies which are based in, or derive a significant proportion of their revenues from, the Asia Pacific region. The portfolio is diversified across a number of industries and a number of countries in that region. The portfolio may include government, quasi-government, corporate and high yield bonds and preferred shares. A full breakdown of the investment portfolio may be found in the Investment Portfolio on pages 7 to 9.

Equity-related investments which the Company may hold include investments in other collective investment undertakings (including real estate investment trusts and related stapled securities), warrants, depositary receipts, participation certificates, guaranteed performance bonds, convertible bonds, other debt securities, equity-linked notes and similar instruments (whether or not investment grade) which give the Company access to the performance of underlying equity securities, particularly where the Company may be restricted from directly investing in such underlying equity securities or where the Manager considers that there are benefits to the Company in holding such investments instead of directly holding the relevant underlying equity securities. Such investments may be listed or traded outside the Asia Pacific region. Such investments may subject the Company to credit risk against the issuing entity. The Company may also participate, subject to regulatory and tax implications, in debt-to-equity conversion programmes. However, the Company may only invest in derivatives for the purposes of efficient portfolio management. Investors should note that the types of equity-related investments listed in this paragraph is not an exhaustive list of the types of securities and financial instruments in which the Company may invest, and the Company will retain the flexibility to make any investments unless these are prohibited by the investment restrictions applicable to the Company.

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

Spread of Investment Risk and Investment Restrictions

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

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

Report of the Directors – Incorporating the Business Review

- (i) invest, either directly or indirectly, or lend more than 20% (calculated at the time of any relevant investment or loan) of its gross assets to any single underlying issuer (including the underlying issuer's subsidiaries or affiliates);
- (ii) invest more than 20% (calculated at the time of any relevant investment) of its gross assets in one or more collective investment undertakings which may invest more than 20% of its gross assets in other collective investment undertakings;
- (iii) invest more than 40% (calculated at the time of any relevant investment) of its gross assets in another collective investment undertaking;
- (iv) expose more than 20% of its gross assets to the creditworthiness or solvency of any one counterparty;
- (v) invest in physical commodities; or
- (vi) invest in derivatives except for the purposes of efficient portfolio management.

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

No breaches of these investment restrictions took place during the year ended 31 August 2008.

The Investment Portfolio on pages 7 to 9 and the Investment Manager's Review on pages 5 to 6 demonstrate that, as at 31 August 2008, the portfolio was invested in 14 countries and in many different industry sectors within such countries. There were 81 equity holdings and 7 fixed interest holdings in the portfolio at that time. The Board therefore believes that the objective of spreading risk has been achieved in this way.

Gearing

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

At the beginning of the year under review, the gearing (as a percentage of the Company's net asset value) was 15.31% and at the end of the year it was 15.27%. The average percentage, based on month-end net assets, was 14.85%. During the year, the Directors sought to ensure, where practicable, that borrowing covenants will permit maximum flexibility of investment policy.

Performance

An outline of performance, market background, investment activity and portfolio strategy during the year under review, as well as outlook, is provided in the Chairman's Statement and Investment Manager's Review.

Measuring Success – Key Performance Indicators

The Board has adopted key performance indicators ("KPIs") which assist it in measuring the development and success of the Company's business. The KPIs focus on the following areas: the measurement of the success of the Company in achieving its investment objective, the management of the discount and the rate of expenses incurred in the running of the Company.

Investment Performance

An outline of performance, market background, investment activity and portfolio strategy during the year under review, as well as outlook, is provided in the Investment Manager's Review.

In order to measure the Company's investment performance, quarterly reports, including commentary on its view of markets, the impact of stock selection decisions and other attribution analysis, portfolio activity and strategy and outlook for the portfolio and the markets are provided by the Manager and form the basis of discussions at every board meeting. On a regular basis, the Board also reviews the investment processes of the Manager and considers reports from its broker on the perception of shareholders and the market on the Manager's performance and the Company's strategy.

Report of the Directors – Incorporating the Business Review

For the year ended 31 August 2008, the Company produced a total return on net asset value of (6.7)%.

Discount Management

The shares of the Company often trade at a discount to net asset value and the management of this discount is a key factor for the Board.

As the discount is a function of the balance between the supply and demand for the Company's shares, a principal objective for the Board is to ensure that, through Schroder's marketing team and the Company's stockbrokers, potential shareholders and their advisers continue to be kept informed of the Company's progress and the ways they can invest in it.

Share buy-backs are a more direct way of managing the discount. The discount of the Company's share price to its underlying net asset value and the discounts of peer group companies are monitored. As indicated in the launch Prospectus, the Directors have implemented an active discount management policy through the use of share buy-backs to seek to maintain the price at which the ordinary shares trade relative to their prevailing net asset value at no greater than a 5% discount over the longer term.

During the year under review the share price traded at a range between a premium of 1.6% to a discount of (12)%.

Control of Total Expenses

The Board also keeps the total expense ratio ("TER") of the Company under review.

An analysis of all costs, including management fees, directors' fees and general expenses, is submitted to each Board meeting. The Management Engagement Committee, comprised entirely of independent directors, considers the terms of the management agreement with the Manager, including fees, on an annual basis. Services (including costs) provided by most other providers including bankers, auditors, insurance providers and printers are also reviewed annually.

The TER for the Company for the year to 31 August 2008 (calculated in accordance with AIC guidance as total annualised net operating expenses; excluding finance costs and performance fee after tax divided by average net assets during the year) was 0.95% (2007: 0.96%).

Principal Risks and Uncertainties

The Board has adopted a matrix of key risks which affect its business and a robust framework of internal control which is designed to monitor those risks and to provide a monitoring system to enable the Directors to mitigate these risks as far as possible. A full analysis of the Directors' system of internal control and its monitoring system is set out in the Corporate Governance Statement. The principal risks are considered to be as follows:

Financial Risk

The Company is exposed to the effect of market fluctuations due to the nature of its business. A significant fall in regional equity markets would have an adverse impact on the value of the Company's underlying investments. The Board considers the portfolio's risk profile at each Board meeting and discusses with the Manager appropriate strategies to mitigate any negative impact of substantial changes in markets. (See note 25 of the accounts).

Currency Risk

The Company invests predominantly in underlying assets which are denominated in currencies other than Sterling and therefore has an exposure to changes in the exchange rate between Sterling and these currencies which has the potential to have a significant effect on returns. While the Directors consider the Company's hedging policy on a regular basis, the Company did not engage in currency hedging to reduce the risk of currency fluctuations and the volatility of returns which might result from such currency exposure during the year ended 31 August 2008.

Gearing

The Company utilises a credit facility, currently in the amount of £24.5 million, which increases the funds available for investment through borrowing ("gearing"). Therefore, in falling markets, any reduction in the net asset value and, by implication, the share price is amplified by the gearing. The Directors keep the Company's gearing under constant review and impose strict restrictions on borrowings to mitigate this risk. The Company's gearing continues to operate within pre-agreed limits so that actual gearing does not represent more than 25% of shareholders' funds.

Report of the Directors – Incorporating the Business Review

Discount

Investment vehicles and asset classes can become out of favour with investors or trusts may fail to meet their investment objectives. This may be reflected in a wide discount of the share price to underlying asset value. Directors periodically review whether the Company's investment remit remains appropriate and they continually monitor the success of the Company in meeting its stated objectives. Further details may be found under "Discount Management" above.

Regulatory Risks

The regulatory environment in which the Company operates is increasingly complex and the Company faces a number of regulatory risks. Breaches of other regulations such as the UK Listing Authority's Listing Rules could lead to a number of detrimental outcomes and damage the Company's reputation. Breaches of controls by service providers such as the Manager could also lead to reputational damage or loss.

Resources

The Company has no employees; its investments are managed by Schroders, which also acts as Company Secretary and provides accounting and administration services to the Company. The principal terms of the Investment Management Agreement are set out on pages 14 and 15.

Environmental Policy

As an investment company, the Company has no direct social or environmental responsibilities; its policy is focussed on ensuring that its portfolio is properly managed and invested. The Company has however adopted an environmental policy, details of which are set out in the Corporate Governance Statement.

Dividend Policy

Dividends on the ordinary shares are expected to be paid twice a year, normally in respect of the six months to 28 February and 31 August. All dividends will be paid as interim dividends. In accordance with the Company's Articles of Association, no dividends can be paid otherwise than out of the profits available for the purpose.

Having already paid a first interim dividend of 2.475p (2007: 2.25p) per share, the Board has now declared a second interim dividend of 2.95p (2007: 2.70p) per share for the year ended 31 August 2008 which is payable on 5 December 2008 to Shareholders on the Register on 21 November 2008. Thus, dividends for the year amount to 5.425p (2007: 4.95p) per share. This represents an increase of 9.6% over the rate of dividends paid in respect of the previous year.

Total dividend payments for the year of £8,431,000 (2007: £7,774,000) would normally have resulted in retained revenue for the year of £6,609,000 but in accordance with accounting standards, the second interim dividend amounting to £4,558,000 will not be accounted for until it has been paid.

Purchase of Own Shares

The total number of shares in issue on 12 November 2008 was 154,518,000. At the General Meeting held on 17 December 2007, an authority for the Directors to purchase up to 14.99% of the issued share capital of the Company for cancellation was passed by shareholders. The Directors wish to renew the authority to purchase ordinary shares at the forthcoming Annual General Meeting. Accordingly, a resolution authorising the Directors to purchase up to 14.99% of the share capital in issue on 12 November 2008 will be proposed at the forthcoming Annual General Meeting for which notice is given on page 40.

During the year 1,811,000 ordinary shares were bought back for cancellation. A further 721,000 shares have been bought back for cancellation since the end of the year. The Directors believe that it is in the best interests of the Company and its shareholders to have a general authority for the Company to buy-back its ordinary shares in the market as they keep under review the share price discount to net asset value and the purchase of ordinary shares. Purchases will only be made if the Directors consider that any purchase would be for the benefit of the Company and its shareholders, taking into account relevant factors and circumstances at the time. This authority will lapse at the conclusion of the Company's Annual General Meeting in 2009 unless renewed earlier.

Report of the Directors – Incorporating the Business Review

Directors and their Interests

The Directors of the Company and their biographical details can be found on the inside front cover. All Directors except Mr Dunlop held office throughout the year under review.

Following his appointment as a Director of the Company on 21 April 2008, Mr Dunlop seeks election at the forthcoming Annual General Meeting in accordance with the Articles of Association.

In accordance with the Company's Articles of Association, Mr Rigg will retire by rotation and, being eligible, offers himself for re-election at the forthcoming Annual General Meeting.

Mr Sherwell was Managing Director of Schroders (C.I.) Limited from April 2000 until January 2004, and served as a director of various Schroder group companies and investment funds. He remains a non-executive director of Schroders (C.I.) Limited and, in accordance with the Listing Rules, offers himself for re-election at the Annual General Meeting.

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

The Board, having reviewed its performance during the year, considers that Mr Dunlop, Mr Rigg and Mr Sherwell continue to demonstrate commitment to their roles and provide valuable contributions to the deliberations of the Board. It therefore recommends that shareholders vote in favour of their election and/or re-elections.

The Directors' interests in the Company's share capital at the beginning and end of the financial year ended 31 August 2008, all of which were beneficial, were as follows:

Director	Ordinary shares of 1p each 31 August 2008	Ordinary shares of 1p each 1 September 2007
Robert Sinclair	10,000	10,000
Fergus Dunlop*	10,000	n/a
Peter Rigg	10,000	10,000
Christopher Sherwell	10,000	10,000

*Mr Dunlop was appointed as a Director of the Company on 21 April 2008.

There have been no changes in the above holdings between the end of the financial year and 12 November 2008.

Substantial Share Interests

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

	Number of Ordinary shares	Percentage of total voting rights
Rensburg Sheppards Investment Management	20,270,256	13.12
Rathbone Investment Management	11,069,985	7.16
Kleinwort Benson Investment Management	11,007,658	7.12

Investment Manager

Schroders provides investment management services to the Company in accordance with an Investment Management Agreement.

Under the terms of the Investment Management Agreement, the Manager is entitled to receive a basic management fee of an amount equivalent to 0.75% per annum of the net assets of the Company, payable quarterly in arrears and calculated as at the last business day in February, May, August and November in each year while the agreement remains in force.

The Investment Manager is entitled to receive a performance fee based on the performance of the Company's adjusted net asset value per ordinary share. The performance fee is 10% of the amount by which the adjusted net asset value per ordinary share (adjusted as described below) at the end of the relevant calculation period exceeds a hurdle, being 107% of the adjusted net asset value per ordinary share at the end of the previous calculation period multiplied by the time weighted average of the number of ordinary shares in issue during the period. The net asset

Report of the Directors – Incorporating the Business Review

value as at the end of the period is adjusted as appropriate to take account of dividends, buy backs or issue of ordinary shares and to add back performance fees paid or accrued during the period.

The performance fee is only payable in respect of any period to the extent that the closing adjusted net asset value per ordinary share, taking account of the performance fee, exceeds the higher of 100p or the highest adjusted net asset value per ordinary share (reduced to the level at which any cap as described below applied) in respect of which a performance fee was previously paid. The total amount of any performance fee payable in respect of any one accounting period is capped at 1% of the net assets of the Company calculated at the end of that period. No performance fee was payable in respect of the year ended 31 August 2008 (2007: £1,935,000).

Any investment management fees payable to the Investment Manager or to other subsidiaries of Schroders plc ("Schroders") in respect of investments by the Company in collective investment schemes and collective investment trusts managed or advised by Schroders are deducted from the fee payable to the Investment Manager under the Investment Management Agreement.

The appointment of the Investment Manager is subject to termination by either party giving to the other at any time on or after the second anniversary of Admission not less than 12 months' written notice of termination.

The Directors consider the continuing appointment of the Investment Manager on the terms of the existing Investment Management Agreement to be in the best interests of the Company and shareholders as a whole. Schroders provides the Company with considerable investment management resource, thereby enabling the Company to achieve its investment objective.

Secretarial and Administration Arrangements

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

Policy for the Payment of Creditors

It is the policy of the Company to settle all investment transactions in accordance with the terms and conditions of the relevant market in which it operates. All other expenses are paid on a timely basis in the ordinary course of business. There were no outstanding trade creditors at 31 August 2008 (2007: Nil).

Provision of Information to Auditors

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

Independent Auditors

The Company's Auditors, Ernst & Young LLP, have expressed their willingness to remain in office and a resolution to re-appoint them as Auditors to the Company and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

The Audit Committee has adopted a policy on the engagement of the Auditors to supply non-audit services to the Company. The Auditors did not supply any non-audit services during the year under review.

By Order of the Board
Schroder Investment Management Limited
Company Secretary

12 November 2008

Directors' Remuneration Report

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

The Company's Articles of Association limit the aggregate fees payable to the Board of Directors to a total of £150,000 per annum. Subject to this overall limit, it is the Company's policy to determine the level of Directors' fees having regard to the level of fees payable to non-executive Directors in the industry generally, the role that individual Directors carry out in respect of Board and Committee responsibilities, and the time committed to the Company's affairs. The Directors' fees are reviewed annually by the Board. During the year ended 31 August 2008, Directors received fees of £20,000 per annum and the Chairman received fees of £25,000 per annum to reflect his more onerous role.

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

The Board believes that the principles in Code Provision B of the Combined Code relating to remuneration do not apply to the Company, except as outlined above, as the Company has no executive Directors.

No Director has a service contract with the Company. However, Directors have a letter of appointment with the Company under which they are entitled to one month's notice in the event of termination. The terms of appointment are available for inspection at the Company's Registered Office address during normal business hours and at the Annual General Meeting ("AGM").

All Directors are appointed for an initial term covering the period from the date of their appointment until the first AGM thereafter, at which they are required to stand for election in accordance with the Articles of Association. Thereafter Directors retire by rotation at least every three years and as required by the Company's policy on tenure. The Chairman meets with each Director before such Director is proposed for re-election and, subject to the evaluation of performance carried out each year, the Board agrees whether it is appropriate for such Directors to seek an additional term.

When recommending whether an individual Director should seek re-election, the Board will take into account the provisions of the Combined Code, including the appropriateness of refreshing the Board and its Committees.

Remuneration

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

Director	For the year ended 31 August 2008 £	For the year ended 31 August 2007 £
Robert Sinclair	25,000	17,500
Fergus Dunlop*	7,300	Nil
Peter Rigg	20,000	15,000
Christopher Sherwell	20,000	15,000
	72,300	47,500

* Appointed as a Director on 21 April 2008

By order of the Board
Schroder Investment Management Limited
Company Secretary
12 November 2008

Statement of Directors' Responsibilities

The Directors are responsible for preparing accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period, and are in accordance with applicable Guernsey law and International Financial Reporting Standards ("IFRS").

The Directors are of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the accounts as the assets of the Company consist predominantly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Further, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of these accounts and applicable accounting standards have been followed. These policies and standards, for which the Directors accept responsibility, have been discussed with the Auditors.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies (Guernsey) Law 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error, other irregularities and non-compliance with laws and regulations.

The Directors believe that they have complied with these responsibilities.

The Directors, who are listed on the inside front cover of this report, each confirm to the best of their knowledge that

- the accounts are prepared in accordance with applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Company, and
- this annual report includes a fair view 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.

Corporate Governance

Compliance with the Combined Code

Due to its Guernsey incorporation the Company is not required to comply with the 2006 Combined Code (the "Code") appended to the Rules of the UK Listing Authority. However, the Directors place a high degree of importance on maintaining high standards of corporate governance and have adopted the spirit of the Code, which sets out principles of good governance for listed companies.

Compliance Statement

The UK Listing Authority requires all UK listed companies to disclose how they have complied with the provisions of the Code. This Corporate Governance Statement, together with the Statement of Directors' Responsibilities set out on page 17, indicates how the Company has complied with the principles of good governance of the Code and its requirements on Internal Control.

The Board considers that the Company has, throughout the year under review, complied with the best practice provisions in Section 1 of the Code, save in respect of the appointment of a Senior Independent Director, where departure from the Code is considered appropriate given the Company's position as an investment company. The Board has considered whether a Senior Independent Director should be appointed. As the Board comprises entirely non-executive Directors, the appointment of a senior independent Director is not considered necessary. However, the Chairman of the Audit Committee leads the evaluation of the performance of the Chairman and is available to shareholders if they have concerns which cannot be resolved through discussion with the Chairman.

Application of Code Principles

Role of the Chairman

The Chairman is responsible for leading the Board, ensuring its effectiveness in all aspects of its role and setting its agenda.

Role of the Board

The Board determines and monitors the Company's investment objectives and policy, and considers the future strategic direction of the Company. Matters specifically reserved for decision by the Board have been adopted. The Board is responsible for presenting a balanced and understandable assessment of the Company's position and, where appropriate, future prospects in annual and half-yearly report and accounts and other forms of public reporting. It monitors and reviews the shareholder base of the Company, marketing and shareholder communication strategies, and evaluates the performance of all service providers, with input from its Committees where appropriate. A procedure has been adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company, where appropriate. The Directors have access to the advice and services of the corporate Company Secretary through its appointed representative, who is responsible to the Board, *inter alia*, for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with.

Board Committees

The Board has delegated certain responsibilities and functions to Committees. Terms of Reference for each of these Committees are available on the Company's website at www.schroderorientalincomefund.com. Details of membership of the Committees at 31 August 2008 may be found on the inside front cover of this report and information regarding attendance at Committee Meetings during the year under review may be found on page 20.

Audit Committee

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

To discharge its duties, the Committee met on two occasions during the year ended 31 August 2008 and considered the annual and half-yearly report and accounts, the external Auditors' year-end reports, the effectiveness of the audit process, the independence and objectivity of the external Auditor and internal controls operating within the management company and custodian.

Corporate Governance

Management Engagement Committee

The role of the Committee is to review the terms of the management contract with the Investment Manager. In addition, the Committee reviews Directors' fees and makes recommendations to the Board in this regard. The Board considers each member of the Committee to be independent.

To discharge its duties, the Committee met on one occasion during the year ended 31 August 2008 and considered the performance and suitability of the Investment Manager, the terms and conditions of the management contract and the fees paid to Directors.

Nomination Committee

The role of the Committee is to consider and make recommendations to the Board on its composition and balance of skills and experience, and on individual appointments, to lead the process and make recommendations to the Board. The Board considers each member of the Committee, to be independent.

To discharge its duties, the Committee met on one occasion during the year ended 31 August 2008 and considered an evaluation of the balance of skills and expertise of the Board, succession planning and the selection of suitable candidates for a new Director.

Composition and Independence

The Board currently consists of four non-executive Directors. The biographies of each of these Directors, including their age and length of service, are set out on the inside front cover of this Report. The Board considers each of the Chairman, Mr Dunlop and Mr Rigg to be independent. Mr Sherwell is not deemed independent by virtue of his relationship with the Investment Manager as disclosed inside the front cover of this Report. The independence of each Director is considered on a continuing basis.

The Board has no executive Directors and has not appointed a Chief Executive Officer as it has contractually delegated responsibility for the management of the Company's investment portfolio, the arrangement of custodial services and the provision of accounting and company secretarial services.

The Board is satisfied that it is of sufficient size with an appropriate balance of skills and experience, and that no individual or group of individuals is, or has been, in a position to dominate decision making.

Tenure

The Directors have adopted a policy on tenure that is considered appropriate for an investment company. The Board does not believe that length of service, by itself, leads to a closer relationship with the Investment Manager or necessarily affects a Directors' independence of character or judgement. Therefore, the independence of Directors will continue to be assessed on a case by case basis. In order to give shareholders the opportunity to endorse this policy, and in accordance with the provisions of the Combined Code, any Director who has served for more than nine years will thereafter be subject to annual re-election by shareholders.

Induction and Training

The Board has adopted a full, formal and tailored induction programme for new Directors, which is administered by the Company Secretary. Directors are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and its internal controls. Regulatory and legislative changes affecting Directors' responsibilities are advised to the Board as they arise along with changes to best practice. Advisers to the Company also prepare reports for the Board from time to time. In addition, Directors attend relevant seminars and events to allow them to continually refresh their skills and knowledge and keep up with changes within the investment company industry.

Board Evaluation

The Board has adopted a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors. The evaluation takes place in two stages, firstly, the evaluation of individual Directors is led by the Chairman, and the evaluation of the Chairman's performance is led by the Chairman of the Audit Committee. Secondly, the Board evaluates its own performance and that of its Committees. The Directors meet at least once a year without the Chairman present and the Chairman of the Audit Committee chairs this meeting.

Corporate Governance

Evaluation is conducted utilising a questionnaire combined with one to one meetings. The Board has developed criteria for use at the evaluation, which focuses on the individual contribution to the Board and its Committees made by each Director and the responsibilities, composition and agenda of the Committees and of the Board itself.

A review of Board composition and balance, including succession planning for appointments to the Board, is included as part of the annual performance evaluation.

Meetings and Attendance

The Board meets at least four times each year. Additional meetings are also arranged as required and regular contact between Directors, the Investment Manager and the Company Secretary is maintained throughout the year. Representatives of the Investment Manager and Company Secretary attend each meeting and other advisers also attend when requested to do so by the Board. Attendance at the four scheduled Board meetings and at Committee meetings held during the year under review is set out in the table below.

Directors' Attendance at Meetings

Director	Board	Audit Committee	Nomination Committee	Management Engagement Committee
Robert Sinclair	4/4	2/2	1/1	1/1
Fergus Dunlop*	1/1	n/a	n/a	n/a
Peter Rigg	4/4	2/2	1/1	1/1
Christopher Sherwell	4/4	n/a	1/1	n/a

* Appointed as a Director on 21 April 2008

Information Flows

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

Directors' and Officers' Liability Insurance

During the year, the Company has maintained insurance cover for its Directors and Officers under a Directors' and Officers' liability insurance policy.

Directors' Indemnities

The Company provides a Deed of Indemnity to each Director to the extent permitted by Guernsey law whereby the Company is able to indemnify such Director against any liability incurred in proceedings in which the Director is successful, and for costs in defending a claim brought against the Director for breach of duty where the Director acted honestly and reasonably.

Relations with Shareholders

The Board believes that the maintenance of good relations with both institutional and retail shareholders is important for the long-term prospects of the Company. It has, since its launch, sought engagement with investors. The Chairman, and other Directors where appropriate, discuss governance and strategy with major shareholders and the Chairman ensures communication of shareholders' views to the Board. The Board receives feedback on the views of shareholders from its corporate broker and the Investment Manager.

The Board believes that the Annual General Meeting provides an appropriate forum for investors to communicate with the Board, and encourages participation. The Annual Report and Accounts is, when possible, sent to shareholders at least 20 business days before the Annual General Meeting. The Annual General Meeting is typically attended by the Directors and proceedings include a presentation by the Investment Manager. There is an opportunity for individual shareholders to question the chairmen of the Board, Audit and Management Engagement Committees at the Annual General Meeting. Details of proxy votes received in respect of each resolution are made available to shareholders at the meeting and on the Company's website as soon as reasonably practicable after the meeting.

Corporate Governance

The Board believes that the Company's policy of reporting to shareholders as soon as possible after the Company's year-end and holding the earliest possible Annual General Meeting is valuable. The Notice of Meeting on page 40 sets out the business of the meeting.

Environmental Policy

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

Exercise of Voting Powers

The Company has delegated responsibility for voting to Schroders who votes in accordance with its corporate governance policy. A copy of this policy is available on the Company's website.

Internal Control

The Code requires the Board to at least annually conduct a review of the adequacy of the Company's systems of internal control and report to shareholders that it has done so. The Board has undertaken a full review of all the aspects of the Turnbull Guidance for Directors on the Combined Code, as revised in October 2005 (the "Turnbull Guidance"), under which the Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The Board has approved a detailed Risk Map identifying significant strategic, investment-related, operational and service provider-related risks and has adopted an enhanced monitoring system to ensure that risk management and all aspects of internal control are considered on a regular basis, and fully reviewed at least annually.

The Board believes that the key risks identified and the implementation of an on-going system to identify, evaluate and manage these risks are based upon and relevant to the Company's business as an investment company. Risk assessment, which has been in place throughout the financial year and up to the date of this report, includes consideration of the scope and quality of the systems of internal control, including any whistleblowing policies where appropriate, adopted by the Investment Manager and other major service providers, and ensures regular communication of the results of monitoring by third parties to the Board, the incidence of significant control failings or weaknesses that have been identified at any time and the extent to which they have resulted in unforeseen outcomes or contingencies that may have a material impact on the Company's performance or condition. No significant control failings or weaknesses were identified during the course of the year and up to the date of this report, from our on-going risk assessment.

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

The Company does not have an internal audit function as it employs no staff and delegates to third parties most of its operations. The Board will continue to monitor its system of internal control and will continue to take steps to embed the system of internal control and risk management into the operations of the Company. In doing so, the Audit Committee will review at least annually whether a function equivalent to an internal audit is needed.

By the procedures set out above, and in accordance with the Turnbull Guidance, the Directors have kept under review the effectiveness of the Company's internal control systems.

Independent Auditors' Report¹

To the Members of Schroder Oriental Income Fund Limited

We have audited the company's accounts for the year ended 31 August 2008 which comprise the Income Statement, Statement of Changes in Equity, Balance Sheet and Cash Flow Statement and the related notes 1 to 26. These accounts have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the accounts in accordance with applicable Guernsey law as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies (Guernsey) Law, 2008. We also report to you if, in our opinion, the Report of the Directors is not consistent with the accounts, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only Directors and Advisors, the Chairman's Statement, Investment Manager's Review, Investment Portfolio, Report of the Directors, Directors Remuneration Report, Statement of Directors Responsibilities, Corporate Governance, Notice of the Meeting and Company Summary and Shareholder Information. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the company's affairs as at 31 August 2008 and of its results for the year then ended; and have been properly prepared in accordance with the Companies (Guernsey) Law, 2008.

Ernst & Young LLP
Guernsey
12 November 2008

¹ The report and accounts are published on the Company's website, www.schroderorientalincomefund.com. The maintenance and integrity of the website maintained by the Company is the responsibility of the Company. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of this website or any other website upon which the report and accounts may be published and accordingly, the Auditors accept no responsibility for any changes that have occurred to the accounts since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the report and accounts may differ from legislation in their jurisdiction.

Income Statement

	Note	Year to 31 August 2008			Year to 31 August 2007		
		Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	2	-	(14,705)	(14,705)	-	37,717	37,717
Other currency (losses)/gains	3	-	(2,672)	(2,672)	-	1,526	1,526
Income	4	13,276	-	13,276	11,248	434	11,682
Investment management fee	5	(437)	(1,020)	(1,457)	(415)	(2,903)	(3,318)
Administrative expenses	6	(393)	(52)	(445)	(369)	(45)	(414)
Net (loss)/return before finance costs and taxation		12,446	(18,449)	(6,003)	10,464	36,729	47,193
Finance costs							
Interest payable and similar charges	7	(405)	(889)	(1,294)	(414)	(963)	(1,377)
Net (loss)/return on ordinary activities before taxation		12,041	(19,338)	(7,297)	10,050	35,766	45,816
Taxation on ordinary activities	8	(871)	-	(871)	(879)	-	(879)
Net (loss)/return after taxation attributable to equity shareholders		11,170	(19,338)	(8,168)	9,171	35,766	44,937
Net (loss)/return per ordinary share	10	7.14p	(12.36)p	(5.22)p	5.84p	22.77p	28.61p

The total column of this statement represents the Company's Income Statement, prepared in accordance with IFRS.

The Revenue Return and Capital Return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The Company has no recognised gains or losses other than those disclosed in the Income Statement and the Statement of Changes in Equity.

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

The notes on pages 27 to 39 form an integral part of these accounts.

Statement of Changes in Equity

	Called up share capital £'000	Capital redemption reserve £'000	Special reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
At 31 August 2006	1,571	-	153,887	(2,069)	6,242	159,631
Net return on ordinary activities	-	-	-	35,766	9,171	44,937
Second interim dividend paid for the 13 month period ended 31 August 2006	-	-	-	-	(3,769)	(3,769)
First interim dividend paid for year ended 31 August 2007	-	-	-	-	(3,534)	(3,534)
At 31 August 2007	1,571	-	153,887	33,697	8,110	197,265
At 31 August 2007	1,571	-	153,887	33,697	8,110	197,265
Net return on ordinary activities	-	-	-	(19,338)	11,170	(8,168)
Cost of shares bought back for cancellation	(18)	18	(1,973)	-	-	(1,973)
Second interim dividend paid for year ended 31 August 2007	-	-	-	-	(4,240)	(4,240)
First interim dividend paid for year ended 31 August 2008	-	-	-	-	(3,873)	(3,873)
At 31 August 2008	1,553	18	151,914	14,359	11,167	179,011

The notes on pages 27 to 39 form an integral part of these accounts.

Balance Sheet

	Note	At 31 August 2008 £'000	At 31 August 2007 £'000
Non-current assets			
Investments held at fair value through profit or loss	11	195,672	219,523
		195,672	219,523
Current assets			
Other receivables	12	1,915	5,048
Cash and cash equivalents	13	5,425	5,178
		7,340	10,226
Total assets		203,012	229,749
Current liabilities			
Bank loans	14	(22,636)	(29,211)
Other payables	15	(1,365)	(3,273)
		(24,001)	(32,484)
Net assets		179,011	197,265
Equity attributable to equity holders			
Called up share capital	17	1,553	1,571
Capital redemption reserve	18	18	-
Special reserve	19	151,914	153,887
Capital reserve	20	14,359	33,697
Revenue reserve	21	11,167	8,110
Equity shareholders' funds		179,011	197,265
Net asset value per ordinary share	22	115.31p	125.61p

These accounts were approved by the Board of Directors on 12 November 2008 and signed on behalf of the Board by:

Robert Sinclair
Director

The notes on pages 27 to 39 form an integral part of these accounts.

Cash Flow Statement

	For the year ended 31 August 2008 £'000	For the year ended 31 August 2007 Restated £'000
Cash flows from operating activities		
Net return before finance costs and taxation	(6,003)	47,193
Other currency losses/(gains)	2,672	(1,526)
Overseas taxes paid	(824)	(676)
Adjustments for:		
Decrease/(increase) in investments	23,851	(39,227)
Decrease/(increase) in receivables	3,077	(4,078)
(Decrease)/increase in payables	(1,893)	2,829
Net cash from operating activities	20,880	4,515
Cash flows from financing activities		
Dividends paid	(8,113)	(7,303)
Purchase of shares for cancellation	(1,973)	–
Bank overdraft interest paid	(24)	(1)
Bank loan interest paid	(1,276)	(1,382)
Bank loans (repaid)/drawn down	(9,852)	7,151
Net cash used in financing activities	(21,238)	(1,535)
Net (decrease)/increase in cash and cash equivalents	(358)	2,980
Effect of foreign exchange gains	605	96
Cash and cash equivalents at 1 September	5,178	2,102
Cash and cash equivalents at 31 August	5,425	5,178

The notes on pages 27 to 39 form an integral part of these accounts.

Notes to the Accounts

1. Accounting Policies

The accounts of the Company have been prepared in accordance with International Financial Reporting Standards ('IFRS'), which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB') and International Accounting Standards Committee ('IASC') as adopted by the European Union as effective at 31 August 2008.

The Company's functional currency and the currency used for the presentation of these accounts is pounds sterling, as that is the currency of the primary economic environment in which the Company operates.

These are the Company's first audited accounts prepared in accordance with IFRS. Previous accounts were prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) including the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" issued in January 2003 (revised December 2005). The Directors consider it good practice to present the financial accounts in accordance with the Statement of Recommended Practice ("SORP") for Financial Statements of Investment Trust Companies issued in January 2003 and revised by the Association of Investment Companies (AIC).

The Company is required to determine its IFRS accounting policies and apply them retrospectively to establish its opening balance sheet under IFRS. The date of transition for the Company is 1 September 2006. The accounting policies, now applied under IFRS, remain unchanged from those applied under UK GAAP.

As required by IFRS 1 (First-Time Adoption of International Accounting Standards) reconciliations showing the effects of the changes are set out in note 26.

(a) – Basis of Preparation

The financial statements have been prepared on a going concern basis.

Where presentational guidance set out in the Statement of Recommended Practice ('SORP') for investment trusts issued by the Association of Investment Companies ('AIC') in January 2003 (revised December 2005) is consistent with the requirements of IFRS, the directors have sought to prepare the accounts on a basis compliant with the recommendations of the SORP.

(b) – Presentation of Income Statement

In order to better reflect the activities of an investment company and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement.

(c) – Income

Dividends receivable from equity shares are taken to the revenue column of the Income Statement on an ex-dividend basis, with the exception of dividends of a capital nature, which are credited to the capital column of the Income Statement.

Interest from fixed income securities is recognised on a time-apportionment basis so as to reflect the effective yield on the fixed income securities.

Where dividends are received in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as income. Any excess in value of shares received over the amount of cash dividend foregone is recognised as a gain in the Income Statement.

Interest receivable from bank deposits and other income is recognised on an accruals basis.

(d) – Expenses and interest payable

All expenses, including the investment management fee and interest payable are accounted for on an accruals basis.

Expenses are split and presented as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated and accordingly the investment management fee and finance costs have been allocated 30% to revenue and 70% to capital, as the directors believe it reflects the long-term nature of the investment returns of the Company. The performance fee is allocated 100% to capital as the directors believe it reflects capital performance. Expenses incidental to the acquisition or disposal of investments are charged wholly to capital.

(e) – Taxation

The Company has been granted an exemption from Guernsey taxation under the Income Tax (Exempt Bodies) Guernsey Ordinance 1989 and is charged an exemption fee of £600. The tax charged to the Income Statement relates to overseas withholding tax deducted from investment income.

(f) – Non-current asset investments held at fair value

Investments are recognised on trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost.

All the Company's investments are defined by IFRS as investments held at fair value through profit or loss.

All investments are classified as held at fair value through profit or loss on initial recognition and are measured at subsequent reporting dates at fair value, which is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

Gains and losses arising thereon are recognised in the capital column of the Income Statement.

(g) – Foreign exchange

Transactions involving currencies other than sterling are recorded at the exchange rate ruling on the transaction date. The results and financial position of the Company are expressed in sterling, which is the functional and presentational currency of the Company.

At each balance sheet date, monetary items and non-monetary assets and liabilities that are fair valued, which are denominated in foreign currencies, are retranslated at the closing rates of exchange. Foreign currency exchange differences arising on translation are recognised in the Income Statement.

(h) – Cash and cash equivalents

Cash and cash equivalents comprises cash at bank, short term deposits, and bank overdrafts. These are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose.

Notes to the Accounts

(i) – Accounting estimates and judgements

The preparation of accounts in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods.

(j) – Single segment reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business.

(k) – Capital reserve

The following are accounted for in this reserve:

- gains and losses on the realisation of investments;
- increases and decreases in the valuation of investments held at the year end;
- realised exchange differences of a capital nature;
- unrealised exchange differences of a capital nature; and
- other capital charges and credits charged to this account in accordance with the above policies.

(l) – Accounting developments

The following standards, amendment and interpretations have been published by IASB and are effective for the year ended 31 August 2008 but do not apply to the Company:

- IFRS 4, Insurance contracts.
- IFRS 7, Applying the restatement approach under IAS 29, Financial reporting in hyper-inflationary economies.
- IFRS 9, Reassessment of embedded derivatives.

The following standards, amendments and interpretations to existing standards will become effective in future accounting periods:

- IAS 23 (amendment), Borrowing costs.
- IAS 32 (amendment), Financial instruments.
- IFRS 8, Operating segments.

They have not been adopted early by the Company.

The following standards, amendments and interpretations have been published by IASB and are effective for the year ended 31 August 2008:

- IFRS 7, Financial instruments: Disclosures. The additional disclosures in accordance with the standard are set out in note 25 to the Accounts.

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

	For the year ended 31 August 2008 £'000	For the year ended 31 August 2007 £'000
Gain on disposal of investments held at fair value through profit or loss	15,940	25,387
Unrealised (depreciation)/appreciation of investments arising during the year	(30,645)	12,330
	(14,705)	37,717

3. Other currency (losses)/gains

	For the year ended 31 August 2008 £'000	For the year ended 31 August 2007 £'000
Exchange gains on currency balances	605	96
Exchange (losses)/gains on the loan facility	(3,277)	1,430
	(2,672)	1,526

Notes to the Accounts

4. Income

	For the year ended 31 August 2008			For the year ended 31 August 2007		
	Revenue	Capital	Total	Revenue	Capital	Total
	Return	Return		Return	Return	
£'000	£'000	£'000	£'000	£'000	£'000	
Income from investments:						
Overseas dividends	11,959	–	11,959	9,957	–	9,957
Income on fixed interest securities	890	–	890	901	–	901
Stock dividends	65	–	65	179	–	179
Special dividends	–	–	–	–	434	434
	12,914	–	12,914	11,037	434	11,471
Interest on deposits	362	–	362	211	–	211
	13,276	–	13,276	11,248	434	11,682

5. Investment management fee

	For the year ended 31 August 2008			For the year ended 31 August 2007		
	Revenue	Capital	Total	Revenue	Capital	Total
	Return	Return		Return	Return	
£'000	£'000	£'000	£'000	£'000	£'000	
Investment management fee	437	1,020	1,457	415	968	1,383
Performance fee	–	–	–	–	1,935	1,935
	437	1,020	1,457	415	2,903	3,318

Under the terms of the Management Agreement, the Manager is entitled to receive a basic management fee of an amount equivalent to 0.75% per annum of the net assets of the Company, payable quarterly in arrears and calculated as at the last business day in February, May, August and November in each year while the agreement is in force.

The Manager is also entitled to a performance fee based on the performance of the Company's adjusted net asset value per ordinary share, full details of which are set out on pages 14 and 15 of this Report.

6. Administrative expenses

	For the year ended 31 August 2008			For the year ended 31 August 2007		
	Revenue	Capital	Total	Revenue	Capital	Total
	Return	Return		Return	Return	
£'000	£'000	£'000	£'000	£'000	£'000	
General expenses	231	52	283	224	45	269
Directors' fees	73	–	73	48	–	48
Secretarial fee	75	–	75	75	–	75
Auditors' remuneration:						
Fees payable to the company's auditor for the audit of the company's annual accounts	20	–	20	22	–	22
Over accrual from prior year	(6)	–	(6)	–	–	–
	393	52	445	369	45	414

Notes to the Accounts

7. Interest payable

	For the year ended 31 August 2008			For the year ended 31 August 2007		
	Revenue	Capital	Total	Revenue	Capital	Total
	Return £'000	Return £'000		Return £'000	Return £'000	
Bank overdraft interest payable	24	–	24	1	–	1
Bank loan interest payable	381	889	1,270	413	963	1,376
	405	889	1,294	414	963	1,377

8. Taxation

	For the year ended 31 August 2008 £'000	For the year ended 31 August 2007 £'000
Irrecoverable overseas tax	871	879

9. Dividends

	For the year ended 31 August 2008 £'000	For the year ended 31 August 2007 £'000
Amounts recognised as distributions in the year:		
Second interim dividend of prior year of 2.70p (2007: 2.40p)	4,240	3,769
First interim dividend of 2.475p (2007: 2.25p)	3,873	3,534
Total dividends of 5.175p (2007: 4.65p)	8,113	7,303
Total dividends payable in respect of the financial year:		
First interim dividend of 2.475p (2007: 2.25p)	3,873	3,534
Second interim dividend of 2.95p (2007: 2.70p)	4,558	4,240
Total dividends of 5.425p (2007: 4.95p)	8,431	7,774

The first interim dividend of 2.475 pence per share (2007: 2.25 pence per share) was paid on 30 April 2008 to shareholders registered on 11 April 2008. The shares were quoted ex-dividend on 9 April 2008.

The second interim dividend of 2.95 pence per share (2007: 2.70 pence per share) was declared on 12 November 2008 and will be paid on 5 December 2008. Dividends are reflected in the accounts in the period in which they are paid.

10. (Loss)/Return per ordinary share

	For the year ended 31 August 2008	For the year ended 31 August 2007
Revenue (£'000)	11,170	9,171
Capital (£'000)	(19,338)	35,766
Total (deficit)/return (£'000)	(8,168)	44,937
Weighted average number of shares	156,465,279	157,050,000
Revenue (pence)	7.14p	5.84p
Capital (pence)	(12.36)p	22.77p
Total (pence)	(5.22)p	28.61p

Notes to the Accounts

11. Investments held at fair value through profit or loss

	For the year ended 31 August 2008 £'000	For the year ended 31 August 2007 £'000
Movements of investments held as non current assets:		
Book cost brought forward	209,806	182,937
Opening amortisation adjustment on fixed interest securities	–	(28)
	209,806	182,909
Acquisitions at cost	218,232	168,651
Proceeds of disposals	(227,316)	(167,106)
Net gains realised on disposals	15,940	25,387
Amortisation on fixed interest securities	(62)	(35)
Book cost at 31 August	216,600	209,806
Unrealised (depreciation)/appreciation of investments	(20,928)	9,717
Valuation of investments at 31 August	195,672	219,523

All investments are listed on a recognised stock exchange.

The following transaction costs, including stamp duty and broker commissions were incurred during the year:

	For the year ended 31 August 2008 £'000	For the year ended 31 August 2007 £'000
On acquisitions	469	449
On disposals	560	468
	1,029	917

12. Other receivables

	At 31 August 2008 £'000	At 31 August 2007 £'000
Amounts receivable within one year:		
Sales for future settlement	–	3,527
Accrued income	1,910	1,499
Prepaid expenses	5	22
	1,915	5,048

13. Cash and cash equivalents

	At 31 August 2008 £'000	At 31 August 2007 £'000
Short-term deposits	2,216	3,231
Cash at bank	3,209	1,947
	5,425	5,178

Notes to the Accounts

14. Bank loans

	At 31 August 2008 £'000	At 31 August 2007 £'000
Bank loan	22,636	29,211

The Company has a multi currency loan facility of £24,500,000 (£35 million as at 31 August 2008) with ING Bank NV. This facility has a revolving 364 day term and is chargeable at a floating rate linked to LIBOR and is unsecured.

At 31 August 2008, £22,636,000 (2007: £29,211,000) was drawn down as follows:

£16,448,000 (2007: £23,973,000) and £6,188,000 (2007: £5,238,000) were drawn down in US Dollars and Japanese Yen respectively.

15. Other payables

	At 31 August 2008 £'000	At 31 August 2007 £'000
Amounts payable within one year:		
Purchases for future settlement	895	826
Accrued performance fee	–	1,935
Accrued expenses	443	476
Overseas taxation payable on stock dividends	27	36
	1,365	3,273

16. Contingent liabilities

The Company has a contingent liability of £406,000 in relation to the exercise of warrants at the balance sheet date (2007: £357,000).

17. Called up share capital

	At 31 August 2008 £'000	At 31 August 2007 £'000
Authorised:		
250,000,000 (2007: 250,000,000) ordinary shares of 1p each	2,500	2,500
Allotted, Called up and Fully paid:		
Balance brought forward : 157,050,000 ordinary shares	1,571	1,571
Shares bought back for cancellation : 1,811,000 ordinary shares	(18)	–
Balance carried forward : 155,239,000 ordinary shares	1,553	1,571

Since the year end, the Company has bought back a further 721,000 shares for cancellation.

18. Capital redemption reserve

	At 31 August 2008 £'000	At 31 August 2007 £'000
Balance brought forward	–	–
Shares bought back for cancellation	18	–
Balance carried forward	18	–

Notes to the Accounts

19. Special reserve

	At 31 August 2008 £'000	At 31 August 2007 £'000
Balance brought forward	153,887	153,887
Shares bought back for cancellation	(1,973)	-
Balance carried forward	151,914	153,887

20. Capital reserves

	Realised £'000	Unrealised £'000	Total £'000
Balance brought forward at 31 August 2007	22,550	11,147	33,697
Transfer of brought forward unrealised reserve*	11,147	(11,147)	-
Losses on investments held at fair value	(14,705)	-	(14,705)
Other currency losses	(2,672)	-	(2,672)
Investment management fee	(1,020)	-	(1,020)
Bank loan interest	(889)	-	(889)
Other expenses	(52)	-	(52)
Balance carried forward at 31 August 2008	14,359	-	14,359

*Under a technical release issued by the ICAEW Tech 01/08 "Distributable Profits – Implications of Recent Accounting Changes", the definition of realised profits as originally defined in Tech 07/03 for Investment Companies has been amended to the extent that under fair value accounting, any mark to market gains and losses at the balance sheet date will be carried to realised rather than unrealised reserves provided that the gains and losses recognised are deemed to be readily realisable to cash. Accordingly, the brought forward unrealised reserve balance has been transferred to the realised reserve, with subsequent increases and decreases in the valuation of investments and the loan at the year end now have been included within capital reserve – realised, rather than capital reserve – unrealised.

21. Revenue reserve

	At 31 August 2008 £'000	At 31 August 2007 £'000
Balance brought forward	8,110	6,242
Net revenue return for the year	11,170	9,171
Dividends paid	(8,113)	(7,303)
Balance carried forward	11,167	8,110

22. Net asset value per ordinary share

	At 31 August 2008	At 31 August 2007
Net asset value per ordinary share	115.31p	125.61p

The net asset value per ordinary share is based on net assets attributable to ordinary shareholders of £179,011,000 (2007: £197,265,000) and 155,239,000 (2007: 157,050,000) ordinary shares in issue at the year end.

Notes to the Accounts

23. Notes to the cash flow statement

Cash and cash equivalents comprise cash at bank, short-term deposits and bank overdrafts.

Purchases and sales of investments are considered to be operating activities of the Company, given its purpose, rather than investing activities. However, the cash flows associated with these activities are presented below:

	For the year ended 31 August 2008 £'000	For the year ended 31 August 2007 £'000
Proceeds on disposal of fair value through profit and loss investments	230,843	163,579
Purchases of fair value through profit and loss investments	218,098	167,646

24. Related party transactions

The Company has appointed Schroders to provide investment management, accounting, secretarial and administration services.

Details of the management and secretarial fee arrangements for these services are given in the Report of the Directors on pages 14 and 15. The total basic management fee payable under this agreement to Schroders in respect of the year ended 31 August 2008 was £1,457,000 (2007: £1,383,000), of which £324,000 (2007: £362,000) was outstanding at the year end.

There was no performance fee payable to Schroders in respect of the year ended 31 August 2008 (2007: £1,935,000). The total secretarial fee payable to Schroders in respect of the year ended 31 August 2008 was £75,000 (2007: £75,000), of which £19,000 (2007: £19,000) was outstanding at the year end.

25. Risk Management

Financial instruments

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

In addition, the Company holds cash and short-term deposits and various items such as debtors and creditors that arise directly from its operations. The financial instruments held by the Company are generally liquid. The Company's assets and liabilities are all stated at fair value.

The holding of securities, investing activities and associated financing undertaken pursuant to this objective involves certain inherent risks. Events may occur that would result in either a reduction in the Company's net assets or a reduction of revenue profits available for dividend. Set out below are the principal risks inherent in the Company's activities and the action taken to manage these risks.

1. Market Risk

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – price risk, currency risk and interest rate risk. The Company's investment manager assesses the exposure to market risk when making each investment decision, and monitors the overall level of market risk on the whole of the investment portfolio on an ongoing basis.

a. Price Risk

The Company is an investment company and as such its performance is dependent on the valuation of its investments. Consequently price risk is the most significant risk that the Company is exposed to. A detailed breakdown of the investment portfolio is given on pages 7 to 9. Investments are valued in accordance with the Company's accounting policies as stated in Note 1. Uncertainty arises as a result of future changes in the market prices of the Company's investments and the effect changes in exchange rates may have on the sterling value of these investments.

Management of the risk

In order to manage this risk the Directors meet regularly with the Manager to compare the performance of the portfolio against market indices and comparable investment companies. The Company does not generally hedge against the effect of changes in the underlying prices of the investments as it is believed that the costs associated with such a process would result in an unacceptable reduction in the prospects for capital growth.

The Company had no derivative instruments at the year-end, but, in the event that it had, the value of derivative instruments held at the balance sheet date would be determined by reference to their market value at that date.

Price risks exposure

The Company's exposure to other changes in market prices at 31 August on its quoted equity investments was as follows:

	31 August 2008 £'000	31 August 2007 £'000
Non-current asset investments at fair value through profit or loss	195,672	219,523

Notes to the Accounts

Concentration of exposure to price risk

The Company normally holds around 100 stocks, with a mixture of equity and fixed interest investments in its portfolio. The portfolio is invested in many different industry sectors within a variety of countries, which significantly spreads the risk of individual investments performing poorly and reduces the concentration of exposure. The classification of investments by sector and region is provided on page 6.

Price risk sensitivity

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

	31 August 2008		31 August 2007	
	Increase in fair value	Decrease in fair value	Increase in fair value	Decrease in fair value
	£'000	£'000	£'000	£'000
Effect on revenue return	(44)	44	(49)	49
Effect on capital return	19,464	(19,464)	21,837	(21,837)
Effect on total return and on net assets	19,420	(19,420)	21,788	(21,788)

b. Currency Risk

The Company is exposed to foreign currency risk through its investment in securities listed on overseas stock markets. Both the amount and the currency split of the financial instruments are expected to fluctuate as cash flow payments and receipts are made on a regular basis in currencies other than sterling.

Management of the risk

The Investment Manager monitors the Company's exposure to foreign currencies on a daily basis, and reports to the board on a regular basis. It is the policy of the Company to consider entering into forward foreign exchange contracts, in addition to foreign currency loans, to hedge against foreign currency movements affecting the value of the investment portfolio. At 31 August 2008 and at 31 August 2007 the Company had no forward foreign exchange contracts in place.

Foreign currency exposure

The fair values of the Company's monetary assets that have foreign currency exposure at 31 August 2008 are shown below.

Where the Company's equity investments (which are not monetary assets) are priced in foreign currency, they have been included separately in the analysis so as to show the overall level of exposure.

a. Financial assets

	At 31 August 2008			At 31 August 2007		
	Non-current asset investments	Loans and receivables	Total	Non-current asset investments	Loans and receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Australian Dollar	39,286	529	39,815	58,143	114	58,257
Canadian Dollar	4,167	5	4,172	3,263	-	3,263
Chinese Yuen	-	-	-	4,269	-	4,269
Hong Kong Dollar	37,592	26	37,618	41,105	156	41,261
Indonesian Rupiah	9,117	85	9,202	8,618	45	8,663
Japanese Yen	-	146	146	-	1,437	1,437
Malaysian Ringgit	3,677	-	3,677	9,419	85	9,504
New Taiwan Dollar	18,485	3,168	21,653	2,242	350	2,592
New Zealand Dollar	3,933	3	3,936	2,390	-	2,390
Philippine Peso	8,946	92	9,038	9,459	153	9,612
Singaporean Dollar	23,256	184	23,440	24,747	3,826	28,573
South Korean Won	7,538	-	7,538	8,276	-	8,276
Thai Baht	7,610	75	7,685	7,349	95	7,444
United States Dollar	24,746	814	25,560	40,243	998	41,241
	188,353	5,127	193,480	219,523	7,259	226,782

Notes to the Accounts

b. Financial liabilities

The Company's financial liabilities comprise bank loans, overdraft balances and short-term payables. Details of the Company's bank loans are disclosed in note 14.

The foreign currency exposure of these financial liabilities was as follows:

	At 31 August 2008			At 31 August 2007		
	Loan facility £'000	Short-term payable £'000	Total £'000	Loan facility £'000	Short-term payable £'000	Total £'000
Australian Dollar	-	857	857	-	-	-
Hong Kong Dollar	-	38	38	-	-	-
Japanese Yen	6,188	1	6,189	5,238	-	5,238
New Taiwan Dollar	-	15	15	-	-	-
United States Dollar	16,448	17	16,465	23,973	12	23,985
	22,636	928	23,564	29,211	12	29,223

Foreign currency sensitivity

By using the five largest currency exposures from the table above, the following analysis illustrates the sensitivity of the profit after taxation for the year and the equity in regard to the Company's monetary financial assets and financial liabilities.

It is not possible to forecast how much exchange rates might move in the next year, but based on the movements in the five major currencies above in the last two years, it appears reasonably possible that rates could change as noted below.

Assumed exchange rate movements:

£/Australian dollar +/- 10% (2007: 10%)

£/Hong Kong dollar +/- 10% (2007: 10%)

£/US dollar +/- 10% (2007: 10%)

£/Singapore dollar +/- 10% (2007: 10%)

£/Taiwanese dollar +/- 10% (2007: 10%)

If Sterling had weakened against the exposure currencies shown, with all other variables held constant, this would have the following effect:

	At 31 August 2008			At 31 August 2007		
	Effect on revenue return £'000	Effect on capital return £'000	Total return and net assets £'000	Effect on revenue return £'000	Effect on capital return £'000	Total return and net assets £'000
Australian dollar	59	4,270	4,329	15	6,458	6,473
Hong Kong dollar	3	4,173	4,176	17	4,567	4,584
US dollar	63	948	1,011	35	1,883	1,918
Singapore dollar	20	2,584	2,604	33	3,142	3,175
Taiwanese dollar	30	2,374	2,404	8	280	288
	175	14,349	14,524	108	16,330	16,438

If Sterling had strengthened against the exposure currencies shown, with all other variables held constant, this would have the following effect:

	At 31 August 2008			At 31 August 2007		
	Effect on revenue return £'000	Effect on capital return £'000	Total return and net assets £'000	Effect on revenue return £'000	Effect on capital return £'000	Total return and net assets £'000
Australian dollar	(48)	(3,494)	(3,542)	(12)	(5,284)	(5,296)
Hong Kong dollar	(2)	(3,414)	(3,416)	(14)	(3,737)	(3,751)
US dollar	(52)	(775)	(827)	(28)	(1,540)	(1,568)
Singapore dollar	(17)	(2,114)	(2,131)	(27)	(2,570)	(2,597)
Taiwanese dollar	(25)	(1,942)	(1,967)	(6)	(229)	(235)
	(144)	(11,739)	(11,883)	(87)	(13,360)	(13,447)

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

Notes to the Accounts

c. Interest Rate Risk

The Company will be affected by interest rate changes as it holds interest-bearing financial assets and liabilities. Interest rate changes will also have an impact on the valuation of investments, although this forms part of price risk, which is considered separately above.

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 decisions and borrowing under the loan facility. The level of gearing is reviewed by the Board on a regular basis.

The Company, generally, does not hold significant cash balances, with short-term borrowings being used when required.

Derivative contracts are not used to hedge against the exposure to interest rate risk.

Interest rate exposure

The exposure, at 31 August, of financial assets and liabilities to interest rate risk is shown by reference to:

- floating interest rates (i.e. giving cash flow interest rate risk) – when the rate is due to be re-set;
- fixed interest rates (i.e. giving fair value interest rate risk) – when the financial instrument is due for repayment.

	31 August 2008			31 August 2007		
	Within one year £'000	More than one year £'000	Total £'000	Within one year £'000	More than one year £'000	Total £'000
Exposure to floating interest rates:						
Cash at bank and short-term deposits	5,425	–	5,425	5,178	–	5,178
Bank loan	(22,636)	–	(22,636)	(29,211)	–	(29,211)
Total exposure to interest rates	(17,211)	–	(17,211)	(24,033)	–	(24,033)
Exposure to fixed interest rates:						
Bonds	–	12,392	12,392	–	9,515	9,515
Total exposure to interest rates	–	12,392	12,392	–	9,515	9,515

The weighted average interest rate for the fixed rate financial assets held at 31 August 2008 was 8.4% (2007: 9.8%) and the effective average period for which the rate was fixed was 4.5 years (2007: 4.8 years).

The above year end amounts are not representative of the exposure to interest rates during the year, because the level of exposure changes as bonds are traded, borrowings are drawn down and repaid and the level of borrowings and/or cash held change during the year in response to the Board's and Manager's perception of market prospects and the investment opportunities available at any one time.

	2008			2007		
	Exposure to floating rates £'000	Exposure to fixed rates £'000	Total £'000	Exposure to floating rates £'000	Exposure to fixed rates £'000	Total £'000
Maximum interest rate exposure	(32,184)	12,392	(19,792)	(24,575)	10,928	(13,647)
Minimum interest rate exposure	(13,385)	8,456	(4,929)	(16,079)	8,795	(7,284)

Interest rate sensitivity

The following table illustrates the sensitivity of the revenue and capital return for the year and shareholders' funds to an increase or decrease of 50 (2007: 50) basis points in interest rates in regard to the Company's monetary financial assets and 50 (2007: 50) basis points in regard to the Company's monetary liabilities, which are subject to interest rate risk.

This level of change is considered to be reasonably possible based on observation of current market conditions.

The sensitivity analysis is based on the Company's monetary financial instruments held at each balance sheet date, with all other variables held constant.

	31 August 2008		31 August 2007	
	Increase in rate £'000	Decrease in rate £'000	Increase in rate £'000	Decrease in rate £'000
Effect on revenue return	(7)	7	(18)	18
Effect on capital return	(79)	79	(102)	102
Effect on total return and on net assets	(86)	86	(120)	120

In the opinion of the directors, the above sensitivity analyses may not be representative of the year as a whole, since the level of exposure may change in response to the Board's and Manager's perception of market prospects and the investment opportunities available at any one time.

Notes to the Accounts

2. Liquidity Risk

Liquidity risk is the possibility of failure of the Company to realise sufficient assets to meet its financial liabilities.

Management of the risk

The Company's assets mainly comprise readily realisable securities which may be sold to meet funding requirements as necessary.

Liquidity risk exposure

A summary of the Company's financial liabilities is provided below in section 5 of this note below.

3. Credit Risk

Credit risk is the exposure to loss from failure of a counterparty to deliver securities or cash for acquisitions or disposals of investments or to repay deposits.

Management of the risk

The Company manages credit risk by entering into deals only with brokers pre-approved by a credit committee of Schroder Investment Management Limited. These arrangements were in place throughout the current year and the prior year.

Credit risk exposure

The exposure to credit risk at the year-end comprised:

	31 August 2008 £'000	31 August 2007 £'000
Balances due from brokers	–	3,527
Accrued income	1,910	1,499
Cash at bank	5,425	5,178
	<u>7,335</u>	<u>10,204</u>

During the year all deposits placed were with banks that had ratings of A or higher.

All of the above financial assets are current, their fair values are considered to be the same as the values shown and the likelihood of a material credit default is considered to be low.

4. Fair Values of Financial Assets and Financial Liabilities

The Company's financial instruments are stated at their fair values at the year-end. The fair value of shares and securities is based on last traded market prices. Borrowings under the loan facility are short term in nature and hence do not have a value materially different from their capital repayment amount.

5. Summary of Financial Assets and Financial Liabilities by Category

The carrying amounts of the Company's financial assets and financial liabilities as recognised at the balance sheet date of the reporting periods under review are categorised as follows:

Financial Assets

	31 August 2008 £'000	31 August 2007 £'000
Financial assets at fair value through profit or loss:		
Fixed asset investments – designated as such on initial recognition	195,672	219,523
Loans and receivables:		
Current assets:		
Other receivables (due from brokers, dividends receivable and accrued income)	1,915	5,048
Cash at bank and short-term deposits	5,425	5,178
	<u>7,340</u>	<u>10,226</u>

Financial Liabilities

	31 August 2008 £'000	31 August 2007 £'000
Measured at amortised cost		
Creditors: amounts falling due within one year		
Borrowings under the currency loan facility	22,636	29,211
Bank overdraft	–	–
Other payables	1,365	3,273
	<u>24,001</u>	<u>32,484</u>

Notes to the Accounts

6. Capital management policies and procedures

The Company's capital is represented by its net assets, which are managed to achieve the Company's investment objective, set out on the inside front cover.

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

- (i) the planned level of gearing through the Company's loan facility;
- (ii) the need to buy back or issue equity shares; and
- (iii) the determination of dividend payments.

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

26. Transition from UK GAAP to IFRS

This is the first year that the Company has presented its accounts under IFRS. IFRS 1 requires certain reconciliations to be presented to explain how the transition from previous UK GAAP to IFRS affected the Company's reported financial position, financial performance and cash flows:

(a) Reconciliation of equity at 1 September 2006 being the date of transition from UK GAAP to IFRS (beginning of comparative year):

There is no change to the equity at 1 September 2006 as a result of the transition to IFRS.

(b) Reconciliation of equity at 31 August 2007 being the date of last audited financial statements.

There is no change to the equity at 31 August 2007 as a result of the transition to IFRS.

(c) Reconciliation of Statement of Total Return to the Income Statement for the year to 31 August 2007

There is no change to the total return for the year to 31 August 2007 as a result of the transition to IFRS.

(d) Reconciliation of the Cash Flow Statement for the year to 31 August 2007

	Note	Previously reported UK GAAP at 31 August 2007	Effect of Transition to IFRS at 31 August 2007	Adjusted cash flows at 31 August 2007
Company				
Net cash inflow from operating activities	1	9,258	(4,743)	4,515
Net cash outflow from servicing of finance	2	(1,383)	1,383	-
Taxation paid	1	(676)	676	-
Dividends paid	3	(7,303)	7,303	-
Net cash outflow from investment activities	1	(4,067)	4,067	-
Net cash inflow from financing activities	2, 3	7,151	(8,686)	(1,535)
Increase in cash		2,980	-	2,980

Notes to the reconciliation of the Cash Flow Statement for the year to 31 August 2007

1. Purchases and sales of investments and taxation paid are considered to be operating activities.
2. Servicing of finance is now analysed within financing activities.
3. Dividends paid are included within financing activities.
4. Short-term borrowings are no longer aggregated with cash balances for reporting cash flow movements.

Notice of Meeting

NOTICE is hereby given that the Annual General Meeting of Schroder Oriental Income Fund Limited will be held at 12.00 noon on Tuesday, 9 December 2008 at Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL to consider and, if thought fit, to pass the following resolutions, of which resolutions 1 to 6 will be proposed as Ordinary Resolutions and resolution 7 will be proposed as a Special Resolution.

1. To receive the Report of the Directors and the audited accounts for the year ended 31 August 2008.
2. To approve the Directors' Remuneration Report for the year ended 31 August 2008.
3. To elect Mr Fergus Dunlop as a Director of the Company.
4. To re-elect Mr Peter Rigg as a Director of the Company.
5. To re-elect Mr Christopher Sherwell as a Director of the Company.
6. To re-appoint Ernst & Young LLP as Auditors of the Company and to authorise the Board to determine their remuneration.
7. To consider and, if thought fit, to pass the following resolution as a special resolution:
"That the Company be and is hereby generally and unconditionally authorised in accordance with the Companies Guernsey Law 2008, to make market purchases of ordinary shares of 1p each in the capital of the Company ("Shares"), at whatever discount the prevailing market price represents to the prevailing net asset value per share provided that:
 - (a) the maximum number of Shares hereby authorised to be purchased shall be 23,162,248, representing 14.99% of the issued share capital as at 12 November 2008;
 - (b) the minimum price which may be paid for a share is 1p;
 - (c) the maximum price which may be paid for a share is an amount equal to (i) 105% of the average of the middle market quotations for a share of the class being purchased taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that share is purchased and (ii) the higher of the price of the last independent trade in the shares of that class and the highest then current independent bid for the shares of that class on the London Stock Exchange;
 - (d) purchases may only be made pursuant to this authority if the Shares are (at the date of the proposed purchase) trading on the London Stock Exchange at a discount to the net asset value;
 - (e) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company unless such authority is renewed prior to such time; and
 - (f) the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority and may make a purchase of Shares pursuant to any such contract".

By Order of the Board
Schroder Investment Management Limited
Company Secretary

Registered Number: 43298
12 November 2008

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

Explanatory Notes

- 1 An ordinary shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and (insofar as permitted by the Company's Articles of Association) to vote instead of him.
A proxy need not be a member. A form of proxy is enclosed for ordinary shareholders which should be completed and returned to the Company's registrar, C/o Computershare Investor Services C.I. Limited, PO Box 83, Ordnance House, 31 Pier Road, St Helier, Jersey JE4 8PW, not later than 48 hours before the time fixed for the meeting. Completion of the proxy will not preclude an ordinary shareholder from attending and voting in person.
- 2 The biographies of each of the Directors offering themselves for election/re-election are set out on the inside front cover of this Report.
- 3 As at 12 November 2008, 154,518,000 ordinary shares of 1p were in issue. Accordingly, the total number of voting rights of the Company as at 12 November 2008 is 154,518,000.

Company Summary and Shareholder Information

The Company

Schroder Oriental Income Fund Limited is an independent, Guernsey resident company, whose shares are listed on the London Stock Exchange. As at 12 November 2008, the Company had 154,518,000 ordinary shares of 1p each in issue. The Company's assets are managed and it is administered by Schroders.

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

Website and Price Information

The Company has launched a dedicated website, which may be found at www.schroderorientalincome.com. The website has been designed to be utilised as the Company's primary method of electronic communication with shareholders. It contains details of the Company's share price (subject to a delay of 15 minutes) and copies of Report and Accounts and other documents published by the Company as well as information on the Directors, Terms of Reference of Committees and other governance arrangements. In addition, the site contains links to announcements made by the Company to the market. There is also a section entitled "How to Invest" which provides details of the Schroder ISA and the Schroder Investment Trust Dealing Service.

The Company releases its Net Asset Value on both a cum and ex income basis to the market on a daily basis.

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

Registrar Services

Communications with shareholders are mailed to the address held on the register. Any notifications and enquiries relating to shareholdings, including a change of address or other amendment should be directed to Northern Trust International Fund Administration Services (Guernsey) Limited, PO Box 255, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 3QL.

www.schroderorientalincomefund.com