

Schroders

Schroder AsiaPacific Fund plc

Half Year Report and Accounts

For the six months ended
31 March 2018



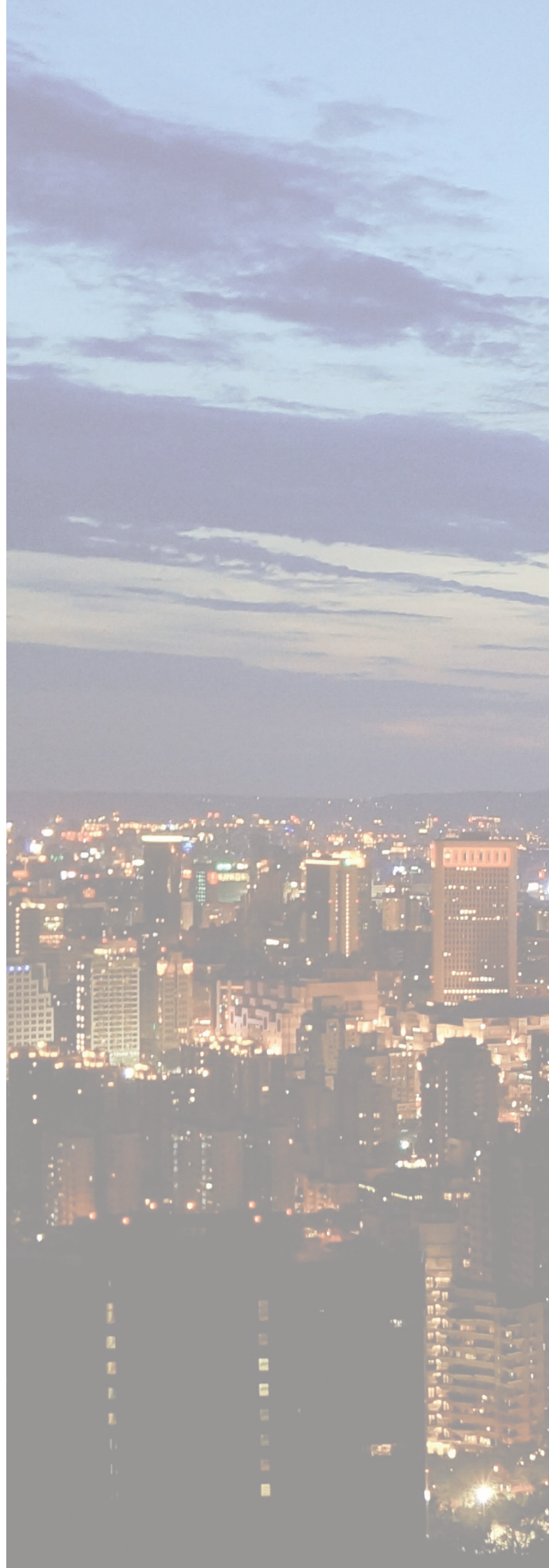
Investment objective

The Company's principal investment objective is to achieve capital growth through investment primarily in equities of companies located in the continent of Asia (excluding the Middle East and Japan), together with the Far Eastern countries bordering the Pacific Ocean, with the aim of achieving growth in excess of the MSCI All Countries Asia excluding Japan Index in sterling terms over the longer term.

Investment policy

The Company principally invests in a diversified portfolio of companies located in the continent of Asia (excluding the Middle East and Japan) (for the purposes of this paragraph the "region"). Such countries include Hong Kong/China, Singapore, Taiwan, Malaysia, South Korea, Thailand, India, The Philippines, Indonesia, Pakistan, Vietnam and Sri Lanka and may include other countries in the region that permit foreign investors to participate in investing in equities, such as in their stock markets or other such investments in the future. Investments may be made in companies listed on the stock markets of countries located in the region and/or listed elsewhere but controlled from within the region and/or with a material exposure to the region.

The portfolio is predominantly invested in equities, but may also be invested in other financial instruments such as put options on indices and equities in the region. The Company does not use derivative contracts for speculative purposes. The Company may invest up to 5% of its assets in securities which are not listed on any stock exchange but would normally not make such an investment except where the Manager expects that the securities will shortly become listed on a stock exchange. In order to maximise potential returns, gearing may be employed by the Company from time to time. Where appropriate the Directors may authorise the hedging of the Company's currency exposure.





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Financial Highlights

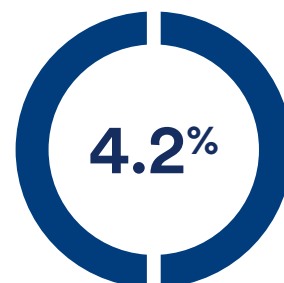
Total returns (including dividends reinvested)¹ for the six months ended 31 March 2018



**Net asset value
("NAV") per share²**



Share price²



Benchmark³

¹Total returns represent the combined effect of any dividends paid, together with the rise or fall in the share price or NAV per share. Total return statistics enable the investor to make performance comparisons between investment companies with different dividend policies. Any dividends received by a shareholder are assumed to have been reinvested in either additional shares of the Company at the time the shares were quoted ex-dividend (to calculate the share price total return) or in the assets of the Company at its NAV per share (to calculate the NAV per share total return).

²Source: Morningstar.

³Source: Thomson Reuters. The Company's benchmark is the MSCI All Countries Asia excluding Japan Index (with net income reinvested), sterling adjusted.

Other financial information

	31 March 2018	30 September 2017	% Change
Shareholders' funds (£'000)	837,070	799,942	+4.6
Ordinary shares in issue	167,570,716	167,570,716	-
NAV per share (pence)	499.53	477.38	+4.6
Share price (pence)	445.00	426.00	+4.5
Share price discount to NAV per share (%)	10.9	10.8	
Gearing (%) ¹	3.6	4.4	

¹Borrowings used for investment purposes, less cash, expressed as a percentage of net assets.

Interim Management Report – Chairman’s Statement

Performance

I am pleased to report a total return of 5.9% for the Company’s net asset value (“NAV”) and of 5.8% for the share price during the six month period to 31 March 2018, compared to a total return of 4.2% for the benchmark. The outperformance in the Company’s NAV was primarily due to stock selection, in particular in China. Further analysis of performance may be found in the Manager’s Review.

Gearing

Gearing stood at 4.4% at the beginning of the period and had decreased to 3.6% as at 31 March 2018. Average gearing during the period was 3.3%. The level of gearing continues to operate within pre-agreed levels so that gearing does not represent more than 20% of shareholders’ funds.

Renewal of loan facility

After the period end the Company renewed its loan facility, increasing the committed amount from £50 million to £75 million. This reflects the substantial increase in the Company’s NAV over the past two years and will allow the Company to continue to take advantage of attractive opportunities in the market as they arise.

Allocation of indirect costs to the capital account

The Board has, with effect from 1 October 2017, adopted an allocation policy, whereby 75% of the Company’s management fee and finance costs will be allocated to the capital account. This follows guidance contained in the Association of Investment Companies’ Statement of Recommended Practice and is in line with expected returns in our portfolio. This will increase the revenue available for dividends and we anticipate shareholders will welcome this change. Further information is set out in note 4 to the accounts.

Discount management

Over the period, the average discount of the Company’s shares to NAV was 10.8%, wider than the longer-term maximum 10% target adopted by the Board. The Board continues to monitor the level of discount in light of that of its peer group and prevailing market conditions.

Committee membership changes

As disclosed in the Annual Report for the year ended 30 September 2017 and following Anthony Fenn’s retirement at the 2018 Annual General Meeting, Rosemary Morgan has been appointed as Senior Independent Director and James Williams as Chairman of the Management Engagement Committee. In addition, following the Company’s promotion to the FTSE 350 Index and in line with the UK Corporate Governance Code, I have stepped down as a member of the Audit and Risk Committee.

Outlook

While there are undeniable challenges to all equity investments at the moment, I am struck when talking with our managers by how excited they are by the opportunities at an individual stock level. Asia has changed so much since the Company’s launch: the growth in the number and range of listed companies has brought wider diversity to investment choice; corporate sectors have matured, with improving shareholder focus; there is considerable commercial innovation under way; and Asia’s young population is very open to the new ideas that this encourages.

Having the potential is one thing; our manager has got to find the right companies. The Company’s track record is encouraging in this respect, and I believe this is a fascinating time to be invested in Asia.

Nicholas Smith

Chairman

11 June 2018

Interim Management Report – Manager’s Review

The net asset value (“NAV”) per share of the Company recorded a total return of +5.9% over the six months to end March 2018. This was ahead of the performance of the benchmark, the MSCI All Countries Asia ex Japan Index, sterling adjusted, which was up +4.2% over the same period.

Benchmark performance – 30 September 2017 to 31 March 2018

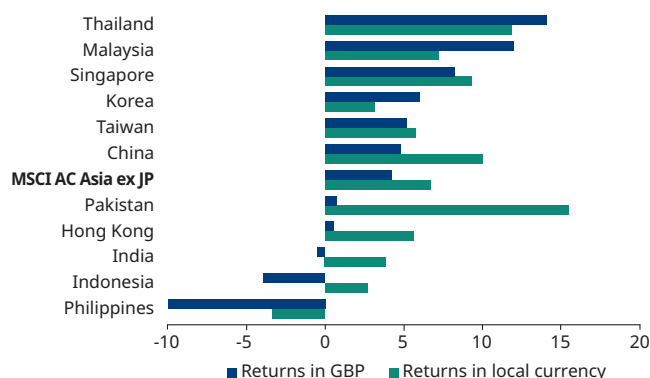


Source: Thomson Datastream.

Although regional markets managed approximately a +10% return in US dollar terms, this was materially whittled away for UK-based investors by the strength of sterling, particularly in the wake of the interim agreement on the Brexit process announced in early December. Underlying returns were supported in the final months of 2017 by the continuation of the benign conditions seen for the whole of the year. Global leading indicators remained robust, Asian exports grew in both volume and value terms, and earnings continued to be revised upwards, particularly in the information technology sector. Although there were indications of a tightening bias among developed world central banks (and rises in the Fed funds rate) these did not appear to unduly concern markets.

The tone changed quite markedly in the New Year. Benign conditions of consistently strong markets and low volatility were rudely interrupted. A degree of complacency doubtless set the scene for subsequent volatility as global leading indicators began to roll over, trade friction started to take centre stage, and the profits season (while strong) did not materially exceed what had become slightly ambitious expectations.

Country returns – 30 September 2017 to 31 March 2018



Source: FactSet.

Relative performance between countries has been more determined by sector specifics than macro-economic cycles; arguably the one exception has been the Philippines where a rising current account deficit threatens to call time on what has been a multi-year upcycle. Strength in Thailand reflected heavy weightings in energy, in Singapore banks led the way on hopes of better loan growth, lower credit costs and higher interest rates, and the Chinese markets rose thanks to consumer staples and health care. On the negative side, the problem areas for Hong Kong have been industrials (trade tension) and heavy exposure to real estate.

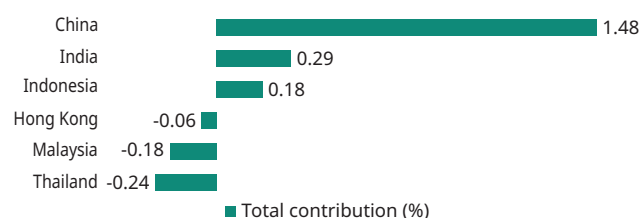
Performance and portfolio activity

The Company’s positive relative performance over the period was primarily due to stock selection, most notably in China where the consumer cyclical, information technology and energy holdings were particularly strong. Stock selection also added value in India and Indonesia. The nil weighting in Malaysia was a headwind as the market and currency were relatively strong, while the exposure to real estate was the prime reason for underperformance in Thailand. Stock selection was slightly ahead in Hong Kong, but offset by the overweighting in that market.

In terms of regional exposure, the portfolio has remained overweight in HK/China (but steadily less so through the period), while adding to India (now modestly overweight with a focus on beneficiaries of domestic demand) and Korea (although remaining underweight, avoiding financials, utilities and telecoms). Our focus in Taiwan remains upon the information technology area, and we added on weakness. The only significant ASEAN exposure remains Thailand.

Interim Management Report – Manager’s Review

Top 3 contributors and top 3 detractors, 6 months to 31 March 2018



Source: FactSet PA3.

Outlook and policy

The second half has continued in similar vein to the close of the first six months. Geopolitical concerns feature largely; while US-China trade tensions take centre stage, political uncertainty in Europe (Italy, UK EU negotiations), Russian sanctions and the fate of the Iran nuclear deal are all adding to risk aversion.

Perhaps more fundamental is the signs of tightening dollar liquidity. Concern over the direction of Federal Reserve policy has been exacerbated by the recent US fiscal package which implies significant loosening of policy at a time when the US economy is already growing strongly. Meanwhile, economic indicators elsewhere (notably Europe) appear to have softened, giving a less co-ordinated pattern of global expansion.

The final piece in the jigsaw is the recent reversal in dollar weakness. In the short-term, this has been supportive to the Company's net asset value in sterling terms, but may presage downward pressures on Asian stock markets. We have already seen a degree of currency and bond weakness in the more vulnerable markets; these are mainly outside Asia such as Brazil and South Africa, but signs of it spreading to less resilient Asian markets such as Indonesia, Thailand and India need to be monitored.

While not wishing to sound complacent, we are not unduly pessimistic for the balance of the year. Although some countries are more vulnerable to a tightening of global liquidity than others, overall the external balances across Asia are reasonably strong, partly thanks to the degree of effective tightening in policy that followed the "Taper Tantrum" of Spring 2013.

This financial strength is (with inevitable exceptions) also true of the general state of Asian corporate balance sheets, not least the companies to which the Company's portfolio is primarily exposed. This should provide some resilience in the face of interest rate rises, but also provides some re-assurance as to the sustainability of earnings, cash flows and dividends.

Furthermore, if rising interest rates are a function of stronger global activity, then Asian economies and companies remain well placed to benefit given currently disciplined capital spending and competitive capacity.

This of course pre-supposes that the era of generally free and open trade is not nearing an inglorious and painful end. Resolution of current trade disputes between New York and Beijing will require pragmatism and compromise from both sides; should it, as we believe, result in more accessible Chinese domestic markets, that is a win-win for all concerned, not least entrepreneurial regional companies.

More broadly, the fortunes of China weigh heavily on regional sentiment. It is clear that the Beijing authorities are keen to dampen credit growth in aggregate, and make what growth there is less dependent on the opaque and poorly regulated "alternative" funding sources outside the banking system. The multiple of credit growth to nominal growth in China has been lower for the longest period since the credit explosion in the wake of the Global Financial Crisis. Should they succeed in engineering a relatively soft landing, we would view this as very positive for the region as a whole. There are risks, and these condition us to continue to avoid sectors and companies very geared into the "old" commodity- and investment-heavy growth model.

Country weights

Market	NAV weighting (%)		Benchmark Index weight (%) 31 March 2018
	31 March 2018	30 September 2017	
China	28.3	32.5	34.7
Hong Kong	22.9	21.7	11.2
Korea	16.8	15.2	17.5
India	10.9	9.2	9.4
Taiwan	10.4	10.7	13.7
Thailand	4.3	4.4	2.8
Singapore	3.2	3.4	4.2
Australia	2.7	2.7	-
Other ¹	2.6	2.6	-
Indonesia	1.9	1.6	2.4
Philippines	0.3	0.4	1.1
Malaysia	-	-	2.9
Pakistan	-	-	0.1
Other net liabilities	(4.3)	(4.4)	-
Total	100.0	100.0	100.0

Source: Schroders.

¹Sri Lanka, Vietnam, global funds.

Schroder Investment Management Limited
11 June 2018

Interim Management Report

Principal risks and uncertainties

The principal risks and uncertainties with the Company's business fall into the following categories: strategy and competitiveness risk; investment management risk; financial and currency risk; accounting, legal and regulatory risk; custodian and depositary risk; and service provider risk, including cyber risk. A detailed explanation of the risks and uncertainties in each of these categories can be found on pages 13 and 14 of the Company's published Annual Report and Accounts for the year ended 30 September 2017.

These risks and uncertainties have not materially changed during the six months ended 31 March 2018.

Going concern

Having assessed the principal risks and uncertainties, and the other matters discussed in connection with the viability statement as set out on page 15 of the published Annual Report and Accounts for the year ended 30 September 2017, the Directors consider it appropriate to adopt the going concern basis in preparing the accounts.

Related party transactions

There have been no transactions with related parties that have materially affected the financial position or the performance of the Company during the six months ended 31 March 2018.

Directors' responsibility statement

The Directors confirm that, to the best of their knowledge, this set of condensed financial statements has been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and with the Statement of Recommended Practice, "Financial Statements of Investment Companies and Venture Capital Trusts" issued in November 2014 and that this Interim Management Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure Guidance and Transparency Rules.

Interim Management Statement

Investment Portfolio as at 31 March 2018

Investments are classified by the investment manager in the country of their main business operations. Stocks in bold are the 20 largest investments, which by value account for 56.6% (31 March 2017: 56.2% and 30 September 2017: 56.5%) of total investments.

	£'000	%
China		
Tencent Holdings ¹	42,342	4.8
Alibaba (ADR)	38,541	4.4
China Pacific Insurance ¹	24,555	2.8
Hangzhou HIK-Vision (LEPO)	24,231	2.8
Midea (LEPO)	20,565	2.4
China Petroleum & Chemical H shares ¹	16,474	1.9
China Lodging (ADR)	13,161	1.5
Industrial and Commercial Bank of China H shares ¹	12,168	1.4
Qingdao Haier	10,310	1.2
NetEase (ADR)	8,446	1.0
Sina ²	8,224	0.9
China International Travel Service	6,934	0.8
New Oriental Education (ADR)	4,492	0.5
iQiyi	4,481	0.5
Sands China ¹	2,124	0.2
Total China	237,048	27.1
Hong Kong		
AIA	33,594	3.8
Standard Chartered	20,290	2.3
Swire Properties	17,112	2.0
Techtronic Industries	15,360	1.8
Fortune Real Estate Investment Trust	15,209	1.8
Kerry Properties	14,041	1.6
Jardine Strategic ³	12,621	1.4
Galaxy Entertainment	12,184	1.4
China Construction Bank	11,700	1.3
Swire Pacific	9,062	1.0
Prada	8,603	1.0
HKT Trust and HKT	6,814	0.7
CK Hutchison	4,846	0.6
Johnson Electric	4,665	0.5
Hopewell	4,474	0.5
Chow Sang Sang	1,208	0.1
Total Hong Kong	191,783	21.8

	£'000	%
Korea		
Samsung Electronics (including preference shares)	53,436	6.1
NCSOFT	16,844	1.9
Naver	16,202	1.9
Hyundai Motor Company	11,827	1.4
SK Innovation	10,410	1.2
Medy-Tox	8,766	1.0
Netmarble Games	7,900	0.9
Hyundai Glovis	4,931	0.6
Amorepacific Group (preference shares)	4,480	0.5
LG Chemical	3,386	0.4
Hyosung	2,689	0.3
Total Korea	140,871	16.2
India		
HDFC Bank	23,673	2.7
Zee Entertainment Enterprises	17,766	2.0
Gujarat Pipavav Port	10,063	1.2
Apollo Hospitals Enterprise	8,360	1.0
Petronet LNG	7,709	0.9
HDFC Life	7,095	0.8
Maruti Suzuki India	6,061	0.7
Container Corporation of India	5,470	0.6
Ashok Leyland	3,247	0.4
Multi Commodity Exchange of India	1,415	0.2
Total India	90,859	10.5
Taiwan		
Taiwan Semiconductor	46,899	5.4
Hon Hai Precision Industries	13,773	1.6
Mega Financial	9,306	1.1
Asustek Computers	7,737	0.9
Novatek Microelectronics	4,993	0.6
Largan Precision	4,396	0.5
Total Taiwan	87,104	10.1

Interim Management Statement

Investment Portfolio as at 31 March 2018

	£'000	%
Thailand		
Bangkok Bank (including NVDR)	12,886	1.5
Intouch	10,769	1.2
Kasikornbank (including NVDR)	7,308	0.8
LPN Development	4,733	0.5
Total Thailand	35,696	4.0
Singapore		
Overseas Chinese Banking	19,226	2.2
NetLink NBN	7,484	0.9
Total Singapore	26,710	3.1
Australia		
BHP Billiton	17,132	2.0
Iluka Resources	5,878	0.6
Total Australia	23,010	2.6
Indonesia		
Bank Mandiri	10,095	1.2
Telekomunikasi Indonesia	2,182	0.2
Total Indonesia	12,277	1.4
Vietnam		
Dragon Capital Vietnam Enterprise Investments ⁴	9,104	1.0
Total Vietnam	9,104	1.0

	£'000	%
Global funds⁵		
Schroder Small Cap Discovery Fund Z Acc	8,731	1.0
Total global funds	8,731	1.0
Sri Lanka		
John Keells	4,509	0.5
Total Sri Lanka	4,509	0.5
Philippines		
Holcim Philippines	2,312	0.3
Total Philippines	2,312	0.3
Fixed interest securities		
Indonesia (Govt) 8.375% 15/03/2024	3,116	0.4
Total fixed interest securities	3,116	0.4
Total Investments⁶	873,130	100.0
¹ Listed in Hong Kong. ² Listed in the USA. ³ Listed in Singapore. ⁴ Listed in the UK. ⁵ Predominantly invested in Asia. ⁶ Total investments comprises the following:		
Equities, including ADRs, LEPOs and NVDRs	847,388	97.0
Preference shares	13,895	1.6
Collective investment funds	8,731	1.0
Government bond	3,116	0.4
Total investments	873,130	100.0

Income Statement

	(Unaudited) For the six months ended 31 March 2018			(Unaudited) For the six months ended 31 March 2017			(Audited) For the year ended 30 September 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	-	46,740	46,740	-	75,516	75,516	-	139,076	139,076
Net foreign currency gains/(losses)	-	1,029	1,029	-	(374)	(374)	-	1,714	1,714
Income from investments	4,429	-	4,429	5,238	-	5,238	18,464	86	18,550
Other interest receivable and similar income	16	-	16	1	-	1	15	-	15
Gross return	4,445	47,769	52,214	5,239	75,142	80,381	18,479	140,876	159,355
Investment management fee	(891)	(2,673)	(3,564)	(2,979)	-	(2,979)	(6,320)	-	(6,320)
Administrative expenses	(474)	-	(474)	(430)	-	(430)	(878)	-	(878)
Net return before finance costs and taxation	3,080	45,096	48,176	1,830	75,142	76,972	11,281	140,876	152,157
Finance costs	(111)	(332)	(443)	(137)	-	(137)	(545)	-	(545)
Net return on ordinary activities before taxation	2,969	44,764	47,733	1,693	75,142	76,835	10,736	140,876	151,612
Taxation on ordinary activities (note 3)	49	(1,270)	(1,221)	(309)	(11)	(320)	(1,199)	(11)	(1,210)
Net return on ordinary activities after taxation	3,018	43,494	46,512	1,384	75,131	76,515	9,537	140,865	150,402
Return per share (note 4)	1.80p	25.96p	27.76p	0.83p	44.83p	45.66p	5.69p	84.06p	89.75p

The "Total" column of this statement is the profit and loss account of the Company. The "Revenue" and "Capital" columns represent supplementary information prepared under guidance issued by The Association of Investment Companies. The Company has no other items of other comprehensive income, and therefore the net return on ordinary activities after taxation is also the total comprehensive income for the period.

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

Statement of Changes in Equity

For the six months ended 31 March 2018 (unaudited)

	Called-up share capital £'000	Share redemption premium £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2017	16,757	100,956	3,387	8,704	31,575	628,822	9,741	799,942
Net return on ordinary activities after taxation	-	-	-	-	-	43,494	3,018	46,512
Dividend paid in the period (note 5)	-	-	-	-	-	-	(9,384)	(9,384)
At 31 March 2018	16,757	100,956	3,387	8,704	31,575	672,316	3,375	837,070

For the six months ended 31 March 2017 (unaudited)

	Called-up share capital £'000	Share redemption premium £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2016	16,780	100,956	3,364	8,704	32,396	487,957	8,164	658,321
Repurchase and cancellation of the Company's own shares	(23)	-	23	-	(821)	-	-	(821)
Net return on ordinary activities after taxation	-	-	-	-	-	75,131	1,384	76,515
Dividend paid in the period (note 5)	-	-	-	-	-	-	(7,960)	(7,960)
At 31 March 2017	16,757	100,956	3,387	8,704	31,575	563,088	1,588	726,055

For the year ended 30 September 2017 (audited)

	Called-up share capital £'000	Share redemption premium £'000	Capital redemption reserve £'000	Warrant exercise reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
At 30 September 2016	16,780	100,956	3,364	8,704	32,396	487,957	8,164	658,321
Repurchase and cancellation of the Company's own shares	(23)	-	23	-	(821)	-	-	(821)
Net return on ordinary activities after taxation	-	-	-	-	-	140,865	9,537	150,402
Dividend paid in the year (note 5)	-	-	-	-	-	-	(7,960)	(7,960)
At 30 September 2017	16,757	100,956	3,387	8,704	31,575	628,822	9,741	799,942

Statement of Financial Position

	(Unaudited) 31 March 2018 £'000	(Unaudited) 31 March 2017 £'000	(Audited) 30 September 2017 £'000
Fixed assets			
Investments held at fair value through profit or loss	873,130	751,819	836,358
Current assets			
Debtors	2,641	10,621	1,009
Cash at bank and in hand	10,809	16,850	7,213
	13,450	27,471	8,222
Current liabilities			
Creditors: amounts falling due within one year	(49,510)	(53,235)	(44,638)
Net current liabilities	(36,060)	(25,764)	(36,416)
Total assets less current liabilities	837,070	726,055	799,942
Net assets	837,070	726,055	799,942
Capital and reserves			
Called-up share capital (note 6)	16,757	16,757	16,757
Share premium	100,956	100,956	100,956
Capital redemption reserve	3,387	3,387	3,387
Warrant exercise reserve	8,704	8,704	8,704
Share purchase reserve	31,575	31,575	31,575
Capital reserves	672,316	563,088	628,822
Revenue reserve	3,375	1,588	9,741
Total equity shareholders' funds	837,070	726,055	799,942
Net asset value per share (note 7)	499.53p	433.28p	477.38p

Registered in England and Wales

Company Registration Number: 3104981

Notes to the Accounts

1. Financial Statements

The information contained within the accounts in this half year report has not been audited or reviewed by the Company's independent auditors.

The figures and financial information for the year ended 30 September 2017 are extracted from the latest published accounts of the Company and do not constitute statutory accounts for that year. Those accounts have been delivered to the Registrar of Companies and included the report of the auditors which was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

2. Accounting policies

Basis of accounting

The accounts have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Statement of Recommend Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" issued by the Association of Investment Companies in November 2014 and updated in February 2018.

All of the Company's operations are of a continuing nature.

The accounting policies applied to these accounts are consistent with those applied in the accounts for the year ended 30 September 2017.

3. Taxation on ordinary activities

The tax charge for the period comprises the following:

	(Unaudited) Six months ended 31 March 2018			(Unaudited) Six months ended 31 March 2017			(Audited) Year ended 30 September 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Irrecoverable overseas withholding tax	314	-	314	309	-	309	1,199	-	1,199
Overseas capital gains tax	-	1,270	1,270	-	11	11	-	11	11
Taiwanese withholding tax recovered	(363)	-	(363)	-	-	-	-	-	-
	(49)	1,270	1,221	309	11	320	1,199	11	1,210

The Company's effective corporation tax rate is nil, as deductible expenses exceed taxable income. Overseas capital gains tax for the current period has increased due to new legislation in India. As a result the Company has a greater exposure to Indian capital gains tax and an additional provision has been made. During the period, the Company recovered certain amounts of Taiwanese withholding tax suffered in prior periods and which has all been credited to the tax charge in the current period.

Notes to the Accounts continued

4. Return per share

	(Unaudited) Six months ended 31 March 2018	(Unaudited) Six months ended 31 March 2017	(Audited) Year ended 30 September 2017
Revenue return (£'000)	3,018	1,384	9,537
Capital return (£'000)	43,494	75,131	140,865
Total return (£'000)	46,512	76,515	150,402
Weighted average number of shares in issue during the period	167,570,716	167,592,941	167,581,798
Revenue return per share	1.80p	0.83p	5.69p
Capital return per share	25.96p	44.83p	84.06p
Total return per share	27.76p	45.66p	89.75p

Allocation of indirect costs to the capital account

In order to better reflect the increasing significance of income as part of total return, the Board has, with effect from 1 October 2017, adopted an allocation policy whereby a proportion of indirect costs are allocated to the capital account.

Based on the Board's expected long-term split of returns in the form of capital gains and income respectively, from the Company's investment portfolio, it has determined that 75% of the management fee and finance costs will be allocated to capital and the remaining 25% to revenue. It had previously allocated the management fee and finance costs wholly to revenue. The effect of this change on the Income Statement for the half-year ended 31 March 2018, is to increase the net revenue return after taxation by £3,005,000 (or 1.79p per share) and to reduce the net capital return by the same amount.

Total net return after taxation is unaffected by the change. The comparative figures have not been restated.

5. Dividends paid

	(Unaudited) Six months ended 31 March 2018 £'000	(Unaudited) Six months ended 31 March 2017 £'000	(Audited) Year ended 30 September 2017 £'000
2017 final dividend paid of 5.60p (2016: 4.75p)	9,384	7,960	7,960

No interim dividend has been declared in respect of the year ending 30 September 2018 (2017: nil).

6. Called-up share capital

	(Unaudited) Six months ended 31 March 2018	(Unaudited) Six months ended 31 March 2017	(Audited) Year ended 30 September 2017
Ordinary shares of 10p each, allotted, called-up and fully paid:			
Opening balance of shares in issue	167,570,716	167,795,716	167,795,716
Shares repurchased and cancelled	-	(225,000)	(225,000)
Closing balance of shares in issue	167,570,716	167,570,716	167,570,716

Notes to the Accounts continued

7. Net asset value per share

Net asset value per share is calculated by dividing total equity shareholders' funds by the number of shares in issue at 31 March 2018 of 167,570,716 (31 March 2017 and 30 September 2017: same).

8. Financial instruments measured at fair value

The Company's financial instruments that are held at fair value comprise its investment portfolio. At 31 March 2018, all investments in the Company's portfolio were categorised as Level 1 in accordance with the criteria set out in paragraph 34.22 (amended) of FRS 102. That is, they are all valued using unadjusted quoted prices in active markets for identical assets (31 March 2017 and 30 September 2017: same).

9. Events after the interim period that have not been reflected in the financial statements for the interim period

The Directors have evaluated the period since the interim date and have not noted any significant events which have not been reflected in the financial statements.

Directors

Nicholas Smith (Chairman)
Keith Craig
Rosemary Morgan
Martin Porter
James Williams

Advisers

Alternative Investment Fund Manager ("Manager")

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Investment Manager and Company Secretary

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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 Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA.

Independent Auditors

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Certain pre-sale, regular and periodic disclosures and the Company's leverage policy and details of limits on leverage required by the AIFM Directive may be found on the website www.schroders.co.uk/its.

The Company's leverage policy and details of limits on leverage required under the AIFM Directive are published on the website www.schroders.co.uk/its.

Dealing Codes

ISIN Number: GB0007918872
SEDOL Number: 0791887
Ticker: SDP

Global Intermediary Identification Number (GIIN)

SWLQRM.99999.SL.826

Legal Entity Identifier (LEI)

549300A71N7LE35KWU14

The Company's privacy notice is
available on its webpage.