Aberdeen Latin American Income Fund Limited

Half Yearly Report
29 February 2012

2012

Aberdeen

Contents

Investment Objective

The investment objective of the Company is to provide Ordinary shareholders with a total return, with an above average yield, primarily through investing in Latin America.

The cover image is Ponte Octavio Frias Di Oliveira, Sao Paolo, Brazil

Highlights and Financial Calendar

Financial Highlights

	29 February 2012	31 August 2011
Total assets (£'000)[A]	**74,629**	58,222
Equity shareholders' funds (£'000)	**69,621**	53,309
Net asset value per Ordinary share	**104.7p**	102.3p
Net asset value per C share	**96.5p**	n/a
Share price of Ordinary share (mid-market)	**105.4p**	102.5p
Share price of Subscription share (mid-market)	**12.3p**	12.5p
Share price of C share (mid-market)	**102.0p**	n/a
Premium to net asset value on Ordinary shares	**0.7%**	0.2%
Premium to net asset value on C shares	**5.7%**	n/a

[A] 29 February 2012 includes £15,043,000 attributable to C shares.

Performance[A]

	Six months ended 29 February 2012	Year ended 31 August 2011
Net asset value total return per Ordinary share	**+4.9%**	+8.6%
Share price total return per Ordinary share	**+5.4%**	+1.0%
Composite MSCI EM Latin American 10/40 Index/JP Morgan GBI EM Global Diversified Index (Latin America carve out)(sterling adjusted)	**+6.3%**	+4.6%

[A]Total return (capital return plus dividends reinvested)

Financial Calendar

31 January 2012	First interim dividend paid
April 2012	Announcement of Half-Yearly results for the six months ended 29 February 2012
April 2012	Half-Yearly Report posted to shareholders
30 April 2012	Payment of second interim dividend
31 July 2012	Payment of third interim dividend
31 August 2012	Year end
October 2012	Announcement of results for the year ending 31 August 2012
31 October 2012	Payment of fourth interim dividend

Interim Board Report – Chairman's Statement

Performance and Overview

This report covers the six month period ended 29 February 2012. The NAV total return (capital return plus dividends reinvested) was 4.9% compared to our composite benchmark total return for the six months of 6.3%. The Ordinary shares continued to trade satisfactorily with a share price total return of 5.4% for the six months and they stood at a premium of 0.7% to the cum income NAV as at 29 February.

Latin American equities posted solid gains during the half year under review. Regional markets had fallen steeply in volatile trading as the Eurozone debt crisis intensified and downgrades to global growth forecasts depressed commodity prices. But the sell-off proved short-lived. Markets soon recovered their losses thanks to better US growth data and the European Central Bank's massive liquidity injections. The rally continued in the New Year as global risk appetite returned and commodity prices rebounded. The US Federal Reserve's pledge to keep interest rates low until 2014 and China's decision to cut banks' reserve requirements lifted sentiment further.

Overall, Brazil and Colombia were the top performers through the period although economic growth eased across the region and Brazil's economy stalled in the third quarter as weakness in the industrial sector and interest rate hikes temporarily slowed consumption. Notwithstanding this, in terms of GDP, Brazil overtook the UK as the world's sixth-largest economy. The Real's strength, however, has tested the country's competitiveness, prompting the government to extend a tax on foreign borrowings and threaten further capital controls to protect local manufacturers. Elsewhere, Chile's economic activity decelerated and Mexico's fourth-quarter growth also moderated as exports to the US fell and bad weather hit agriculture.

C Share Issue

Following shareholder approval at the EGM in December, your Directors were pleased to announce a placing and offer for subscription of C shares and on 31 January 2012, we reported that we had raised £15.6m gross with the issue of 15,597,185 C shares which were admitted to trading with effect from 3 February 2012. Pleasingly, support for the placing was from a mix of existing and new shareholders. The opening net asset value per C share was 98p and the net proceeds of the issue were quickly invested in line with the main portfolio, such that our Manager was able to notify the Board on 29 February that in excess of 80% of the assets attributable to the C share pool had been invested. Accordingly the Calculation Date was determined to be 29 February 2012 and the Conversion Date will be 11 April 2012.

The Conversion Ratio is 0.9275 Ordinary shares for every one C share held and application has been made for 14,466,389 New Shares to be listed with dealings to commence on 11 April 2012.

Dividends

Income returns continue to be in line with expectations and we have declared a second interim dividend of 1p per Ordinary share payable on 30 April 2012 to Ordinary shareholders on the register on the record date of 10 April 2012.

It remains the Company's aim to pay a minimum aggregate dividend of 4.25 pence per share for the year ending 31 August 2012 and to grow dividends over time. This remains subject to investee company performance, the level of income from investments, currency movements and possible unforeseen circumstances and does not constitute a profit forecast.

From listing, the New Shares, will rank pari passu with, and will have the same rights as, the existing Ordinary shares and will therefore be entitled to receive the anticipated third and fourth interim dividends for the year ending 31 August 2012.

Gearing

We have elected, for the present, not to increase the gearing on conversion of the C share issue and will maintain the fixture at US$8 million drawn under the terms of a £10 million multi-currency revolving credit facility.

Outlook

Liquidity injections by central banks around the world have buoyed asset prices but stockmarkets may have risen a little too quickly. There is still considerable uncertainty in the global environment and it remains to be seen if the US can maintain a self-sustaining recovery or if Europe can resolve its debt problems. Slowing growth in China could also weigh on commodity prices. The high oil price, meanwhile, could benefit Latin America's oil exporters but it poses a threat to the overall global economic recovery.

Although Latin America cannot be insulated from global developments, for the most part, policymakers have room, both fiscal and monetary, to support growth. The long-term upside for investing in Latin America is still very appealing. The region's expanding middle class and favourable demographics alongside continued urbanisation and industrialisation should underpin economic growth in the years to come. The portfolio consists of well-run companies with solid balance sheets and competitive business models and such qualities should help it weather challenges and deliver steady results over the long term.

Richard Prosser
Chairman
3 April 2012

Interim Board Report – Investment Manager's Review

Performance Commentary

During the period under review, the equity portfolio rose by 8.33%, marginally underperforming the benchmark MSCI EM Latin America 10/40 Composite Index's total return of 8.72% in sterling terms.

At the stock level, holdings that weighed on relative performance included Mexican homebuilder Urbi which performed poorly as it suffered from negative cash flow. In fourth-quarter earnings, Banco Santander Chile disappointed owing to a slowdown in loan growth. Following the recent downgrade of its Spanish parent, Standard & Poor's cut the lender's rating from A+ to A with a stable outlook.

Conversely, our Brazilian holdings, such as fuels and chemicals distributor Ultrapar and shoe manufacturer and retailer Arezzo Industria were the top contributors to performance. Ultrapar rallied after it agreed to grant shareholders equal voting rights and the business continued to perform well. A commitment to shareholder value is one of the quality criteria in our investment process. Arezzo gained from solid third-quarter results, on the back of higher margins. In Argentina, steel pipe maker Tenaris rallied sharply over the quarter as results showed margins improving and its business stabilising.

The fixed income portfolio returned 1.6% compared to the 2.3% total return of the JP Morgan GBI-EM Global Diversified Latin America Index in sterling terms. The invested portfolio returns were net positive but the decision not to invest in Colombia cost 0.6%.

Portfolio Activity

In portfolio activity, we introduced Bancolombia, one of Colombia's largest lenders, to gain exposure to the growing domestic banking sector, as well as leading Colombian food retailer Exito, which has a large share of the formal retail market. In the fixed income portfolio, we sold the small Argentina position and added Federal Republic of Brazil January 2014.

Country Overview

Brazil's MPC (Copom) have reduced the SELIC rate by 2.75% since it began its loosening cycle at the end of August 2011. Monetary policy remains dovish as Copom have warned of an unfavourable global macro outlook, the uncertain behaviour of commodity prices, and the opening of an output gap which would allow inflation to converge to the 4.5% target in 2012, remaining there in 2013. The market is pricing in a further rate cut of 1.1% this year but remains unconvinced on the inflation front, with expectations at 5.28% in 2012 and 5% in 2013. In November, Standard & Poor's, a credit rating agency, upgraded Brazil by one notch, taking the local currency rating to A- and the foreign currency rating to BBB.

The Central Bank of Mexico's MPC (Banxico) have kept the policy rate unchanged over the last six months at 4.5% but also introduced an implicit easing bias going forward that provides scope for rate cuts in the near-term, although presidential elections in July may delay such a move. The MPC signalled this would be conditional on the spill-over to the domestic economy from global developments. The key highlight from the Q3 inflation report was a modest downgrade of 2012 growth to 3.5%-4%, citing the sovereign debt crisis in Europe and structural problems afflicting the US economy. The inflation forecast was broadly unchanged at around 3% by year-end.

In October 2011, Argentina President Cristina Kirchner was easily re-elected in the first round for another four year term, with close to 54% of the votes. Kirchner clearly benefited from the robust performance of the economy in recent years, reflecting the strong demand from Brazil and favourable terms of trade. Kirchner also had strong support from the labour unions and other activist groups. In her acceptance speech, Kirchner promised to "deepen the model" which suggests broad continuity of the current interventionist/heterodox policies.

The intensification of social conflicts in Peru, which came to a head in December 2011 at a high profile mining project, resulted in a declaration of a state of emergency that in turn led to fallout between Prime Minister Lerner and President Humala. Lerner and ten ministers resigned after only five months in office but market concerns that Humala might adopt more radical policies were quickly addressed after the economic team was kept intact.

Outlook

The region faces further headwinds in the coming months, particularly in the external environment. Sentiment still hinges on European debt crisis developments and US economic data. Geopolitical tensions in the Middle East could lead to a sustained rise in the oil price, which is a threat to countries battling inflation. China's recent cut in its growth outlook for the year, an indication of the mainland's plan to focus more on domestic consumption and services, has weighed on Latin American markets.

Countries such as Brazil however, should remain a key destination for investors in search for higher yielding assets. Further, the long-term fundamentals of Latin American economies remain in place and valuations are increasingly attractive. The region's economy is still supported by domestic demand, helped by flexible monetary and fiscal policies. Encouragingly, unemployment remains low and governments have high levels of reserves, which should help cushion the impact of decelerating global growth.

Aberdeen Asset Managers Limited

Interim Board Report continued

Going Concern

The Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements. The assets of the Group consist mainly of securities that are readily realisable and, accordingly, the Group has adequate financial resources to continue in operational existence for the foreseeable future.

The related party transactions during the period are disclosed in the notes to the accounts. There have been no related party transactions that have had a material effect on the financial position of the Group during the period.

Directors' Responsibility Statement

The Directors are responsible for preparing this interim financial report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the condensed set of interim financial statements contained within the financial report which have been prepared in accordance with the Accounting Standards Board's statement "Half-Yearly Financial Reports" give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and,
- the Interim Board Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FSA's Disclosure and Transparency Rules.

The interim financial report includes a fair review of the information required on material transactions with related parties and any changes to those described in the Annual Report.

For and on behalf of the Board of Aberdeen Latin American Income Fund Limited

Richard Prosser
Chairman
3 April 2012

Principal Risk Factors

Full information on these and other risks is detailed in the Prospectus of the Company dated 20 January 2012 which is available on the Company's website www.latamincome.co.uk.

Investment Objective

The Company's ability to achieve its investment objective is largely dependent on market conditions, responses to market conditions and the Investment Manager's expertise and there is, therefore, no guarantee that the Company will achieve its investment objective.

Ordinary Shares

The value of the Ordinary shares, and the income derived from them (if any), can fluctuate and may go down as well as up and investors may not be able to realise the full amount of their original investment. An investment in Ordinary shares should be regarded, therefore, as medium to long-term in nature and may not be suitable as a short-term investment. Notwithstanding the Board's discount management policy in respect of the Ordinary shares, the share price of the Ordinary shares may vary considerably from the NAV per Ordinary share (representing either a discount or a premium to that NAV) and may fall when the NAV per Ordinary share is rising, or *vice versa*. The exercise of conversion rights conferred by the Subscription shares will result in a dilution in the NAV per Ordinary share (including in respect of the Ordinary shares into which the C shares have converted) if the NAV per Ordinary share exceeds the price payable on the conversion of a Subscription share at the relevant time.

Subscription Shares

Subscription shares represent a geared investment, so a relatively small movement in the market price of the Ordinary shares may result in a disproportionately large movement, unfavourable as well as favourable, in the market price of the Subscription shares. The market price of the Subscription shares may therefore be volatile. Although Subscription shares are tradable securities, market liquidity in the Subscription shares may be less than that of the Ordinary shares. Investment in the Subscription shares should be regarded as medium to long-term in nature and may not be suitable as a short-term investment.

Dividends

The Company will only pay dividends on the Ordinary shares to the extent that it has sufficient financial resources available for the purpose in accordance with Jersey Company law. Accordingly, there is no guarantee that the Company's dividend objective will be met and the amount of dividends paid to Ordinary shareholders may fluctuate.

Borrowings
Whilst the use of borrowings should enhance the total return on the Ordinary shares where the return on the Group's underlying assets is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling, further reducing the total return on the Ordinary shares. The use of borrowing may increase the volatility of the NAV of the Ordinary shares and the share price of the Ordinary shares and/or the Subscription shares.

Market Risks
Stockmarket movements and changes in economic conditions (including, for example, interest rates, foreign exchange rates and rates of inflation), changes in industry conditions, competition, political and diplomatic events, natural disasters, changes in laws (including taxation and regulation), investors' perceptions and other factors can substantially and either adversely or favourably affect the value of the securities in which the Group invests and, therefore, the Group's financial condition, performance and prospects. Investment in the Latin American region involves greater risks and other considerations not typically associated with investment in more developed markets or economies. Such risks can generally be expected to result in increased volatility in the shares of Latin American companies and portfolios which invest in them when compared to their counterparts in developed markets. Accordingly, investment companies investing in Latin America, such as the Company, can generally be expected to display greater share price and NAV volatility than those investing in developed markets. Whilst the Company's investment returns permit it to invest across the Latin American region, investment opportunities in the region are such that the geographic exposure to the Group's portfolio may be concentrated on a relatively small number of countries from time to time.

Foreign Exchange Risks
The Group accounts for its activities, reports its results and pays dividends in sterling while investments are made and realised in other currencies. The movement of exchange rates between sterling and such other currencies may have a material effect, unfavourable or favourable, on the returns otherwise experienced on the Group's investments. Foreign exchange risk may increase the volatility of the NAV and share price of the Ordinary shares.

General
The Company does not have a fixed life and, therefore, unless shareholders vote to wind up the Company, shareholders will only be able to realise their investment through the stockmarket. Past performance is not, and should not be relied upon as, a guide to future performance.

Taxation
Any change in the Group's tax status, in tax treaty rates, in taxation legislation, the interpretation of taxation legislation or the tax treatment of dividends, interest, or other investment income received by the Group could affect the value of the investments held by the Group, affect the Company's ability to provide returns to Ordinary shareholders or alter the post-tax returns to Ordinary shareholders.

Investment Portfolio – Equities

As at 29 February 2012

Company	Valuation £'000	Total portfolio %
Petroleo Brasileiro ADR	4,418	6.0
Vale ADR	3,816	5.2
Banco Bradesco ADR	3,757	5.1
Amer Movil ADR	2,293	3.1
Itau Unibanco Holdings ADR	1,973	2.7
Lojas Renner	1,957	2.7
Ultrapar Participacoes ADR	1,942	2.7
Fomento Economico Mexicano ADR	1,889	2.6
Multiplan Empreendimentos	1,776	2.4
Grupo Financiero Banorte	1,774	2.4
Top ten equity investments	**25,595**	**34.9**
Tenaris ADR	1,548	2.1
Natura Cosmeticos	1,372	1.9
Banco Santander-Chile ADR	1,258	1.7
Grupo Aeroportuario de Sureste	1,162	1.6
Wal-Mart de Mexico	1,026	1.4
Cia Souza Cruz	900	1.2
S.A.C.I. Falabella	866	1.2
BM&FBovespa	834	1.1
Arezzo Industria e Comercio	812	1.1
Kimberly-Clark de Mexico	788	1.1
Top twenty equity investments	**36,161**	**49.3**
Organizacion Soriana	776	1.1
Valid Solucoes e Servicos de Seguranca	754	1.0
Localiza Rent a Car	729	1.0
OdontoPrev	663	0.9
Grupo Aeroportuario del Centro Nort ADR	663	0.9
Wilson, Sons	635	0.9
Bradespar	606	0.8
Brasil Foods Sponsored ADR	589	0.8
Amil Participacoes	527	0.7
WEG	467	0.6
Top thirty equity investments	**42,570**	**58.0**
Almacenes Exito	458	0.6
Embraer Spons ADR	452	0.6
TOTVS	442	0.6
Grupo Bancolombia	434	0.6
Saraiva Livreiros Editores	358	0.5
Urbi Desarrollos Urbanos	334	0.5
Total equity investments	**45,048**	**61.4**

Investment Portfolio – Bonds

As at 29 February 2012

Fixed Interest	Valuation £'000	Total portfolio %
Brazil (Fed Rep of) 10% 01/01/13	6,029	8.2
Brazil (Fed Rep of) 10% 01/01/17	5,518	7.5
Mexico (United Mexican States) 8% 11/06/20	3,627	5.0
Mexico (United Mexican States) 8% 07/12/23	3,097	4.2
Mexico (United Mexican States) 7.75% 14/12/17	2,183	3.0
Brazil (Fed Rep of) 10% 01/01/21	1,846	2.5
Brazil (Fed Rep of) 10% 01/01/14	1,652	2.3
Uruguay (Rep of) 5% 14/09/18	1,470	2.0
Peru (Rep of) 7.84% 12/08/20	875	1.2
Mexico (United Mexican States) 7.5% 03/06/27	830	1.1
Peru (Rep of) 6.95% 12/08/31	757	1.0
Uruguay (Rep of) 4.25% 05/04/27	392	0.6
Total value of Bonds	**28,276**	**38.6**
Total investments	**73,324**	**100.0**

Distribution of Investments

As at 29 February 2012

Country	Equity %	Bonds %	Total %
Argentina	2.1	–	2.1
Brazil	40.6	20.5	61.1
Chile	2.9	–	2.9
Colombia	1.2	–	1.2
Mexico	14.6	13.3	27.9
Peru	–	2.2	2.2
Uruguay	–	2.6	2.6
	61.4	**38.6**	**100.0**

Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended 29 February 2012 (unaudited) Revenue £'000	Capital £'000	Total £'000	Period ended 28 February 2011[A] (unaudited) Revenue £'000	Capital £'000	Total £'000	Period ended 31 August 2011[A] (audited) Revenue £'000	Capital £'000	Total £'000
Income	3									
Income from investments		1,399	–	1,399	1,549	–	1,549	3,355	–	3,355
Interest income		(12)	–	(12)	10	–	10	23	–	23
Total revenue		1,387	–	1,387	1,559	–	1,559	3,378	–	3,378
Gains on financial assets at fair value through profit or loss		–	1,830	1,830	–	1,655	1,655	–	1,653	1,653
Currency (losses)/gains		–	(230)	(230)	–	275	275	–	93	93
		1,387	1,600	2,987	1,559	1,930	3,489	3,378	1,746	5,124
Expenses										
Investment management fee		(115)	(174)	(289)	(129)	(193)	(322)	(250)	(374)	(624)
Other operating expenses	4	(240)	(175)	(415)	(252)	(414)	(666)	(464)	(416)	(880)
Profit before finance costs and taxation		1,032	1,251	2,283	1,178	1,323	2,501	2,664	956	3,620
Finance costs		(20)	(29)	(49)	(49)	(73)	(122)	(75)	(112)	(187)
Profit before taxation		1,012	1,222	2,234	1,129	1,250	2,379	2,589	844	3,433
Taxation		(24)	–	(24)	(24)	–	(24)	(76)	–	(76)
Profit for the period attributable to equity shareholders	5	**988**	**1,222**	**2,210**	**1,105**	**1,250**	**2,355**	**2,513**	**844**	**3,357**
Earnings per Ordinary share (pence):	5									
Basic		**1.77**	**2.91**	**4.68**	**2.12**	**2.40**	**4.52**	**4.82**	**1.62**	**6.44**
Earnings per C share (pence)	5	**0.42**	**(1.87)**	**(1.45)**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**

[A] From incorporation.

The Group does not have any income or expense that is not included in profit for the period, and therefore the "Profit for the period" is also the "Total comprehensive income for the period", as defined in International Accounting Standard 1 (revised).

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

All income is attributable to the equity holders of Aberdeen Latin American Income Fund Limited. There are no minority interests.

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

Condensed Consolidated Balance Sheet

	Notes	As at 29 February 2012 (unaudited) £'000	As at 28 February 2011 (unaudited) £'000	As at 31 August 2011 (audited) £'000
Non-current assets				
Investments held at fair value through profit or loss		73,324	57,753	57,586
Current assets				
Cash		617	536	403
Other receivables		910	473	602
		1,527	1,009	1,005
Current liabilities				
Bank loan	8	(5,008)	(4,918)	(4,913)
Forward foreign currency contracts		(7)	–	(108)
Other payables		(215)	(473)	(261)
		(5,230)	(5,391)	(5,282)
Net current liabilities		(3,703)	(4,382)	(4,277)
Net assets		**69,621**	**53,371**	**53,309**
Equity capital and reserves				
Equity capital	9	66,789	51,537	51,515
Capital reserve		2,066	1,250	844
Revenue reserve		766	584	950
Equity shareholders' funds		**69,621**	**53,371**	**53,309**
Net asset value per Ordinary share (pence):	10			
Basic		**104.74**	**102.43**	**102.31**
Net asset value per C share (pence)	10	**96.45**	**n/a**	**n/a**

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

Condensed Consolidated Statement of Changes in Equity

Six months ended 29 February 2012 (unaudited)

	Notes	Equity capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 August 2011		51,515	844	950	53,309
Issue of equity capital	9	15,597	–	–	15,597
Issue expenses		(323)	–	–	(323)
Profit for the period		–	1,222	988	2,210
Dividends paid	6	–	–	(1,172)	(1,172)
Balance at 29 February 2012		**66,789**	**2,066**	**766**	**69,621**

Period ended 28 February 2011 (unaudited)

	Notes	Equity capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance on incorporation[A]		–	–	–	–
Issue of equity capital	9	52,653	–	–	52,653
Issue expenses		(1,116)	–	–	(1,116)
Profit for the period		–	1,250	1,105	2,355
Dividends paid	6	–	–	(521)	(521)
Balance at 28 February 2011		**51,537**	**1,250**	**584**	**53,371**

Period ended 31 August 2011 (audited)

	Notes	Equity capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance on incorporation[A]		–	–	–	–
Issue of equity capital	9	52,653	–	–	52,653
Issue expenses		(1,138)	–	–	(1,138)
Profit for the period		–	844	2,513	3,357
Dividends paid	6	–	–	(1,563)	(1,563)
Balance at 31 August 2011		**51,515**	**844**	**950**	**53,309**

[A] 30 June 2010.

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

Condensed Consolidated Cash Flow Statement

	Six months ended 29 February 2012 (unaudited) £'000	Period ended 28 February 2011[A] (unaudited) £'000	Period ended 31 August 2011[A] (audited) £'000
Operating activities			
Dividend income received	378	287	1,000
Fixed interest income received	918	674	1,645
Deposit interest received	(13)	10	23
Investment management fee paid	(326)	–	(526)
Other cash expenses	(407)	(514)	(769)
Net cash inflow from operating activities before finance costs and taxation	550	457	1,373
Interest paid	(47)	(121)	(181)
Overseas withholding tax paid	(24)	(24)	(76)
Net cash inflow from operating activities	479	312	1,116
Investing activities			
Purchases of investments	(16,783)	(66,853)	(72,399)
Sales of investments	2,543	10,867	16,619
Net cash outflow from investing activities	(14,240)	(55,986)	(55,780)
Financing activities			
Issue of equity capital	15,597	52,653	52,653
Issue expenses	(323)	(1,116)	(1,138)
Equity dividends paid	(1,172)	(521)	(1,563)
Loan drawn down	–	5,167	5,167
Net cash inflow from financing activities	14,102	56,183	55,119
Net increase in cash and cash equivalents	**341**	**509**	**455**
Analysis of changes in cash during the period			
Opening balance	403	–	–
Increase in cash above	341	509	455
Effect of foreign exchange rate changes	(127)	27	(52)
Cash at end of period	**617**	**536**	**403**

[A] From incorporation.

Notes to the Financial Statements

1. Principal activity

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

The Group financial statements consolidate the financial statements of the Company and its subsidary, Aberdeen Latin American Income Fund LLC. The principal activity of its foreign subsidiary is similar in all relevant respects to that of its Jersey parent.

2. Accounting policies

The Group's financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting', as adopted by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

(a) Basis of preparation

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

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 29 February 2012.

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

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

(b) Group financial statements

The Group's financial statements consolidate the financial statements, on an acquisition accounting basis, of the Company and its subsidiary Aberdeen Latin American Income Fund LLC. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(c) Income

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

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

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

(d) Expenses and interest payable

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

– expenses which are incidental to the acquisition or disposal of an investment are treated as capital and separately identified and disclosed in note 7;

– expenses (including share issue expenses) are treated as capital where a connection with the maintenance or enhancement of the value of the investments can be demonstrated; and

– the Group charges 60% of investment management fees and finance costs to capital, in accordance with the Board's expected long-term return in the form of capital gains and income respectively from the investment portfolio of the Group.

(e) Taxation

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

(f) Investments

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

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

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

(g) Cash and cash equivalents

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

(h) Other receivables and payables

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

(i) Dividends payable

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

(j) Nature and purpose of reserves

Capital reserve

This reserve reflects any gains or losses on investments realised in the period along with any increases and decreases in the fair value of investments held that have been recognised in the Condensed Consolidated Statement of Comprehensive Income. Also, expenses, including finance costs are charged to this reserve in accordance with (d) above.

Revenue reserve

This reserve reflects all income and costs which are recognised in the revenue column of the Condensed Consolidated Statement of Comprehensive Income.

(k) Foreign currency

Monetary assets and liabilities denominated in foreign currencies are converted into Sterling at the rate of exchange ruling at the reporting date. The financial statements are presented in Sterling, which is the Company's functional and presentational currency. The Company's performance is evaluated and its liquidity is managed in Sterling. Transactions during the year involving foreign currencies are converted at the rate of exchange ruling at the transaction date. Gains or losses arising from a change in exchange rates subsequent to the date of a transaction is included as an exchange gain or loss in revenue or capital in the Condensed Statement of Comprehensive Income, depending on whether the gain or loss is of a revenue or capital nature.

(l) Segmental reporting

For management purposes, the Group is organised into one main operating segment, which invests in equity securities and debt instruments. All of the Group's activities are interrelated, and each activity is dependent on the others. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

3. Income	**Six months ended 29 February 2012 £'000**	**Period ended 28 February 2011 £'000**	**Period ended 31 August 2011 £'000**
Income from investments			
Dividend income	445	392	1,158
Fixed interest income	954	1,157	2,197
	1,399	1,549	3,355
Other operating income			
Deposit interest	(12)	10	23
Total income	**1,387**	**1,559**	**3,378**

4. Other operating expenses – revenue	**Six months ended 29 February 2012 £'000**	**Period ended 28 February 2011 £'000**	**Period ended 31 August 2011 £'000**
Directors' fees	40	53	93
Secretarial and administration fees	53	50	104
Marketing contribution	19	19	39
Auditors' remuneration	13	15	28
Custodian charges	31	31	75
Other	84	84	125
	240	**252**	**464**

Other operating expenses – capital	Six months ended 29 February 2012 £'000	Period ended 28 February 2011 £'000	Period ended 31 August 2011 £'000
Brazil IOF Tax – incurred relating to the purchase of investments in the Brazilian market	**175**	**414**	**416**

5. Return per Ordinary share	Six months ended 29 February 2012 p	Period ended 28 February 2011 p	Period ended 31 August 2011 p
Basic			
Revenue return	1.77	2.12	4.82
Capital return	2.91	2.40	1.62
Total return	**4.68**	**4.52**	**6.44**

The figures above are based on the following:

	£'000	£'000	£'000
Revenue return	923	1,105	2,513
Capital return	1,514	1,250	844
Total return	**2,437**	**2,355**	**3,357**
Weighted average number of Ordinary shares in issue	**52,106,185**	**52,106,185**	**52,106,185**

There is no dilutive effect on net revenue or net capital per Ordinary share in the current period, arising from the exercise of the Subscription shares as detailed in note 9.

Return per C share	p	p	p
Revenue return	0.42	n/a	n/a
Capital return	(1.87)	n/a	n/a
Total return	**(1.45)**	**n/a**	**n/a**

	£'000	£'000	£'000
Revenue return	65	n/a	n/a
Capital return	(292)	n/a	n/a
Total return	**(227)**	**n/a**	**n/a**
Weighted average number of C shares in issue	**15,597,185**	**n/a**	**n/a**

6. Dividends on equity shares

	Six months ended 29 February 2012 £'000	Period ended 28 February 2011 £'000	Period ended 31 August 2011 £'000
Amounts recognised as distributions to equity holders in the period:			
First interim dividend for 2011 – 1.00p	–	521	521
Second interim dividend for 2011 – 1.00p	–	–	521
Third interim dividend for 2011 – 1.00p	–	–	521
Fourth interim dividend for 2011 – 1.25p	651	–	–
First interim dividend for 2012 – 1.00p	521	–	–
	1,172	**521**	**1,563**

7. Transaction costs

During the period expenses were incurred in acquiring or disposing of investments classified as fair value though profit or loss. These have been expensed through capital and are included within gains on investments in the Condensed Consolidated Statement of Comprehensive Income. The total costs were as follows:

	Six months ended 29 February 2012 £'000	Period ended 28 February 2011 £'000	Period ended 31 August 2011 £'000
Sales	7	18	22
Purchases	1	3	8
	8	**21**	**30**

8. Bank loan

The Company has a £10 million revolving multi currency facility with Scotiabank Europe plc. At the period end, US$8,000,000 (£5,008,000) has been drawn down under the facility, fixed to 17 May 2012 at an all-in rate of 1.5969%.

9. Equity capital

	29 February 2012		28 February 2011		31 August 2011	
	Number	£'000	Number	£'000	Number	£'000
Issued and fully paid						
Ordinary shares	52,106,185	52,106	52,106,185	52,106	52,106,185	52,106
Subscription shares	10,421,236	547	10,421,236	547	10,421,236	547
C shares issued in the period	15,597,185	15,597	n/a	n/a	n/a	n/a
Issue expenses		(1,461)		(1,116)		(1,138)
		66,789		**51,537**		**51,515**

The Company is a no par value company.

During August 2010, 52,106,185 Ordinary shares were allotted and issued to investors at a price of 100p per share. In addition 5,210,618 Subscription shares were issued on the basis of 1 Subscription share for every 10 Ordinary shares. Under the terms of the Aberdeen Subscription Share Agreement, the Manager was allotted and issued a further 5,210,618 Subscription shares, which were fully paid at a price of £0.105 per Subscription share. Expenses associated with the issue amounted to £1,138,000 and these costs have been deducted from the proceeds of the issue. Trading commenced in both lines of stock on 16 August 2010.

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

Each Subscription share confers the right to convert such share into one Ordinary share on 31 December in any of the years 2013 to 2015 (inclusive) at a price of 120p per share.

During February 2012, 15,597,185 C shares were allotted and issued to investors at a price of 100p per share. Expenses associated with the issue amounted to £323,000 and these costs have been deducted from the proceeds of the issue. Trading commenced on 3 February 2012.

Under the terms of the C share prospectus, the C shares convert to Ordinary shares once 80% of the issue proceeds have been invested. The Directors' determined that the conversion ratio would be calculated on 29 February 2012 with the conversion date of 11 April 2012. On the basis of the conversion ratio, 0.9275 Ordinary shares will be issued for each C share. As a result, 14,466,389 Ordinary shares will be issued on 11 April 2012.

10. Net asset value per share

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

Basic	**As at 29 February 2012**	**As at 28 February 2011**	**As at 31 August 2011**
Attributable net assets to Ordinary shareholders (£'000)	54,578	53,371	53,309
Number of Ordinary shares in issue	52,106,185	52,106,185	52,106,185
Net asset value per Ordinary share (p)	104.74	102.43	102.31
Attributable net assets to C shareholders (£'000)	15,043	n/a	n/a
Number of C shares in issue	15,597,185	n/a	n/a
Net asset value per C share (p)	96.45	n/a	n/a

11. Related party transactions

Martin Gilbert is a director of Aberdeen Asset Management PLC, of which Aberdeen Private Wealth Management Limited is a subsidiary. Management, secretarial and administration services are provided by Aberdeen Private Wealth Management Limited. Mr Gilbert does not draw a fee for providing his services as a director of the Company.

The management fee is payable monthly in arrears based on an annual amount of 1% of the net asset value of the Company valued monthly. During the period £289,000 (28 February 2011 – £322,000; 31 August 2011 – £624,000) of management fees were payable, of which £61,000 (28 February 2011 – £322,000; 31 August 2011 – £98,000) being outstanding at the period end.

The marketing fee is based on an annual amount of £39,000 (28 February 2011 – £39,000; 31 August 2011 – £39,000). During the period £19,000 (28 February 2011 – £19,000; 31 August 2011 – £39,000) of fees were payable with £19,000 (28 February 2011 – £19,000; 31 August 2011 – £39,000) outstanding at the period end.

The company secretarial and administration fee is based on an annual amount of £104,000 (28 February 2011 – £100,000; 31 August 2011 – £100,000), increased annually in line with any increases in the UK Retail Prices Index, payable quarterly in arrears. During the period £53,000 (28 February 2011 – £50,000; 31 August 2011 – £104,000) of fees were payable, with £17,000 (28 February 2011 – £50,000; 31 August 2011 – £17,000) being outstanding at the period end.

12. Half-Yearly Financial Report

The financial information for the period ended 29 February 2012 has not been audited. This Half-Yearly Financial Report was approved by the Board on 3 April 2012. The previous year's comparative period in these financial statements differs to those published in last year's Interim Report, which, due to the Listing Rules requirements, covered the six month period from incorporation to 30 December 2010.

How to Invest in Aberdeen Latin American Income Fund Limited

Direct

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

Aberdeen's Investment Plan for Children

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

Aberdeen's Investment Trust Share Plan

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

Stocks and Shares ISA

An investment of up to £10,680 can be made in the tax year 2011/2012 and of up to £11,280 in the tax year 2012/13.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated six monthly and deducted from income. Under current legislation, investments in ISAs can grow free of capital gains tax.

ISA Transfer

You can choose to transfer the management of previous tax year investments to AAM for investment in the Company while retaining your ISA wrapper. The minimum lump sum transfer is £1,000, subject to a minimum per trust of £250.

Note

Please remember that past performance is not a guide to the future. Stockmarket and currency movements may cause the value of Ordinary shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested. As with all equity investments, the value of investment companies purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread. Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs may be changed by future legislation.

Keeping You Informed

For internet users, detailed data on the Company, including price, performance information and a monthly fact sheet is available from the Trust's website (www.latamincome.co.uk) and the TrustNet website (www.trustnet.co.uk). You can also call 0500 00 00 40 for information.

Literature Request Service

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

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

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

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

The information above is issued and has been approved for the purposes of the Financial Services and Markets Act 2000 by Aberdeen Asset Managers Limited, Bow Bells House, 1 Bread Street, Cheapside, London EC4M 9HH which is authorised and regulated by the Financial Services Authority

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Martin Adams
George Baird
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