

Aberdeen Asian Income Fund Limited

Half-Yearly Report
Six months to 30 June 2012

2012



Contents

1	Highlights
2	Interim Board Report
6	Investment Portfolio
7	Condensed Statement of Comprehensive Income
8	Condensed Balance Sheet
9	Condensed Statement of Changes in Equity
10	Condensed Cash Flow Statement
11	Notes to the Accounts
15	Independent Review Report
16	How to Invest in Aberdeen Asian Income Fund Limited
17	Corporate Information

Financial Calendar

24 August 2012	Payment of second interim dividend for year ending 31 December 2012
30 August 2012	Announcement of unaudited half-yearly results
September 2012	Half-Yearly Report posted to shareholders
9 October 2012	Second Warrant Exercise Date
October 2012	Announcement of Interim Management Statement
November 2012	Payment of third interim dividend for year ending 31 December 2012
February 2013	Payment of fourth interim dividend for year ending 31 December 2012
March 2013	Announcement of Annual Financial Report for the year ending 31 December 2012
April 2013	Annual Report posted to shareholders
May 2013	Annual General Meeting in Jersey
May 2013	Final Warrant Exercise Date
May 2013	Announcement of Interim Management Statement

Investment Objective

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

Highlights

Financial Highlights

	30 June 2012	31 December 2011	% change
Total assets ^A (£'000)	288,078	242,946	
Total equity shareholders' funds (£'000)	275,353	231,946	+18.7
Share price (mid-market)	188.38p	168.13p	+12.0
Net asset value per share (basic)	183.91p	166.77p	+10.3
Net asset value per share (diluted)	182.09p	164.78p	+10.5
MSCI AC Asia Pacific ex Japan Index (currency adjusted, capital gains basis)	+2.6%^B	-17.4% ^C	
Premium to net asset value (diluted)	3.45%	2.03%	
Interim dividends	3.10p^D	3.00p ^E	

^ABefore deduction of bank loans of £12,725,000 (31 December 2011 – £11,000,000) and after deduction of other payables.

^BSix months ended 30 June 2012.

^CYear ended 31 December 2011.

^DIncludes second interim dividend of 1.55p paid on 24 August 2012.

^EInterim dividends for the six months ended 30 June 2011.

Performance (total return)

	Six months ended 30 June 2012	Year ended 31 December 2011
Share price	+14.4%	+2.7%
Net asset value (diluted)	+12.9%	+2.2%
MSCI AC Asia Pacific ex Japan Index (currency adjusted)	+4.5%	-14.8%

Total return represents the capital return plus dividends reinvested.

Interim Board Report - Chairman's Statement

Background

I am pleased to present another period of strong returns for your Company. Over the six months to 30 June 2012, the Company's diluted net asset value total return was 12.9%, compared to a 4.5% total return recorded by the MSCI AC Asia Pacific ex Japan Index. The share price increased by 14.4% (on a total return basis) ending the period at 188.4p, reflecting a slight widening of the premium to diluted NAV per share which was 3.45% at the period end. This robust performance was despite a resurgence of worries over the world economy and consequently jittery stock markets across the globe.

Overview

Asian equities registered positive returns in the six months under review, with the bulk of the gains achieved at the start of the period. Stocks had rallied amid some slightly more upbeat economic data and receding debt worries in Europe. Also lifting the market mood were the US Federal Reserve's pledge to keep interest rates low for the foreseeable future, a massive liquidity injection in Europe, and hopes of further stimulatory measures.

Shortly thereafter, investors' risk appetites wavered as China's slowing economy and the fragile US recovery combined to darken global growth prospects. Compounding the nervousness were escalating debt troubles and political uncertainty in Europe. That culminated in May, with markets falling steeply as fears over a Greek exit from the Eurozone reached fever pitch. However, once the Continent's debt concerns eased, stocks staged a modest rebound. Overall, the Southeast Asian markets of the Philippines, Singapore and Thailand, all of which posted double-digit gains, were the top performers. The laggards included the more resource-based economies of Indonesia and Australia.

Meanwhile, Asia's slower pace of growth became more entrenched. In the first quarter of this year, China's economy expanded by 8.1% year-on-year, the country's slowest expansion since 2009. Over the same period, India's growth weakened to a nine-year low of 5.3%. Many of their neighbours posted more subdued growth rates too, save for Thailand which rebounded from last year's severe floods and the Philippines, which was supported by a robust services sector.

The region's deceleration has been partly due to earlier policy tightening to reduce inflation, and partly because of weakness in Western economies, which has sapped demand for Asia's exports. In India's case, problems, such as its ballooning deficits and investment impasse, have been largely home-made. Policymakers were not without options, however. Helped by easing inflation, many shifted their attention to reviving growth. Of particular note, China cut

interest rates for the first time since 2008. India, despite being constrained by stubborn price pressures, also lowered rates, along with Australia, Thailand and the Philippines.

Performance Review

Your Company's holdings, comprising conservatively run companies with sound balance sheets and sustainable business models, weathered the volatility well. In addition, the portfolio's defensive bias, owing to its holdings in telecoms and consumer sectors, paid off handsomely.

Notably, our Thai holdings turned in exceptional performances. Siam Makro, the country's leading cash and carry wholesaler, saw net income rise sharply as consumer spending recovered from last year's floods. Mobile phone operator Advanced Information Services posted positive results despite a goodwill charge and deferred taxes. Likewise, television broadcaster BEC World's profits met forecasts; rising domestic advertising expenditure growth bodes well for the company.

Our Singapore holdings, in particular those of a more defensive, high-yielding nature, fared similarly well. Electronics firm Venture Corp proved resilient, backed by its attractive dividend yield and strong balance sheet. United Overseas Bank posted double-digit profit growth for the first quarter thanks to higher loans and improved net interest margins. Singapore Technologies Engineering was helped by the upbeat performances of its marine and aerospace divisions; the group generated good operating cash flow and ended the quarter with a healthy order book. Hotel-focused REIT, CDL Hospitality Trusts, which has an appealing 6% yield, also staged strong advances.

The portfolio's investments in Australia proved equally beneficial. Among the outperformers were Westfield Retail Trust, which increased its payout ratio to 100%, as well as telecommunications company Telstra Corp and power supplier SP AusNet, both of which offer attractive yields.

On the other hand, not holding any stocks in India impeded performance. Indian equities had a stellar start to the year, rising close to 20% in January, though gains were subsequently pared as the country's fiscal health and moderating growth, alongside government gridlock, eroded investor confidence. While India offers an abundance of dynamic, well-run companies, your Company has no exposure because of low dividend yields.

Turning to portfolio activity, we exited Malaysia's DiGi.Com and Thailand's Siam Makro following the sharp rally in their share prices. We also sold our Indonesian bond holding after its excellent performance over a six-year period and the small position in Hong Kong bulk shipping company Pacific Basin was exited on your Manager's concerns that its

dividend may be under pressure. Meanwhile, we added to higher-yielding stocks such as Japan's hotel operator ResortTrust and Thailand's Electricity Generating Public Company. It is worth noting that the Japanese stock market for the first time in decades now affords a decent yield and that your Managers are finding more companies there which meet their investment criteria.

Other introductions included Thailand's Tesco Lotus Retail Property Fund, which is sponsored by leading domestic hypermarket operator Tesco Lotus, and CDL Hospitality Trusts, a beneficiary of tourism in Singapore. Your Manager also bought bonds from Chinese property developer Yanlord Group (listed in Singapore) which offers an attractive double-digit yield. At the same time, we continued to build up the positions in HSBC Holdings and Singapore's Keppel Corporation.

Dividend

On 12 July 2012, your Board declared a second quarterly interim dividend of 1.55p per Ordinary share in respect of the year ending 31 December 2012, which was paid on 24 August 2012 to shareholders on the register on 20 July 2012. The first two quarterly dividends, covering the six months to 30 June 2012, therefore total 3.1p, compared to 3.0p for the comparable period in 2011.

Companies in Asia have been growing their dividends during the past decade. Over half of all listed companies increased dividends by 10% or more in any given year over 2000-11 thanks largely to solid earnings growth and an increasingly strong shareholder culture. Admittedly, corporate earnings could stay muted in the near term given the uncertain global economic landscape but your Manager remains confident that the majority of the portfolio's core holdings, which are characterised by strong balance sheets and sustainable operating cash flows, are likely to maintain dividend payouts this year.

Gearing and Share Issuance

During the six months under review your Company's shares have traded at a premium to the underlying NAV per Ordinary share. Your Company's Articles of Association authorise the Directors to allot shares for cash at a premium to NAV and shareholders have authorised the issuance of up to 10% of the Company's issued capital without pre-emption rights applying. In the six months to 30 June 2012 a total of 8.9 million new Ordinary shares were issued at a premium to NAV per Ordinary share in accordance with the Board's guidelines to the Manager. Subsequent to the period end a further 650,000 Ordinary shares have been issued at a premium. When issuing shares at a premium, there is a modest uplift in NAV for the existing shareholders and the Directors will continue with share issues as and when there is

demand from the markets and a premium rating attaching to the shares. There are a number of constraints to such issuance including the overriding Listing Rule requirement not to issue more than 10% of the outstanding equity in any rolling 12 month period. Therefore it is possible that there may be periods when the Company is prevented from issuing new shares.

On 11 May 2012 a total of 1,766,974 new Ordinary shares were issued following the exercise of 1,766,974 Warrants to subscribe for Ordinary shares. Warrant holders have a second opportunity to exercise their Warrants this year and there is a separate letter accompanying the Half-Yearly Report confirming that the next Warrant subscription date will be 9 October 2012. There is a bi-annual right to exercise Warrants up to the final exercise date which will be in May 2013.

On 20 March 2012 the Company extended its bank facility with Scotiabank Europe plc for a further 24 month period. In absolute terms, the level of borrowings was increased during the period with an extra £1.75m having been drawn down in US dollars in April. As at 30 June 2012 there were Hong Kong and US dollar borrowings amounting to £12.7 million outstanding, representing a gearing level of 4.6% of net assets which overall has been beneficial to net asset value performance over the period under review.

Outlook

There are still many reasons for caution. First, Europe's crisis is far from resolved – policy half measures have not worked. Whilst we would not expect to be directly impacted by a Euro break up, this could have adverse consequences for the global economy, something from which we would not be immune. Unsustainable levels of government debt and deficits persist, while austerity measures continue to hold economies back. On the other side of the Atlantic, US housing prices appear to be steady and households have shed debt. But economic data remain mixed and the year-end expiration of tax breaks and automatic spending cuts could still push the US economy back into recession.

These developments will undeniably constrain Asia's outlook. To be sure, growth rates, particularly in the region's more open economies, are slowing but they are not slow, especially compared to those in the West. Moreover, the region is becoming less dependent on Western export markets and, furthermore, policymakers have the tools to shore up domestic demand to offset external weakness. By and large, sound public finances offer room for fiscal stimulus, while the improved inflation backdrop provides scope for looser monetary policy. With its young and growing populations as well as an emerging middle class, Asia's long-term prospects remain intact.

Interim Board Report – Chairman’s Statement continued

Any short-term market pullbacks, therefore, will present opportunities for investors, such as your Manager, who follow the fundamental principle of buying decently priced, good quality companies.

I look forward to reporting to you again with the Annual Report for the year to 31 December 2012, which will be issued in April 2013. In the meantime, shareholders can find regular updates from your Manager, and copies of all Stock Exchange announcements on your Company’s website www.asian-income.co.uk. Also on the website there are NAV and share price feeds which are updated on a daily basis.

Peter Arthur

Chairman

30 August 2012

Principal Risk Factors

Ordinary Shares

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

Warrants

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

Dividends

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

Borrowings

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

Market Risks

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. Market risk comprises three elements, interest rate risk, currency risk and equity price risk. Further details of these risks are disclosed in note 16 to the financial statements for the year ended 31 December 2011. Investment in emerging securities markets in the Asia Pacific region involves a greater degree of risk than that usually associated with investment in more developed securities markets, including the risk of social, economic and political instability which may have an adverse effect on economic returns or restrict investment opportunities.

General

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

Taxation and Exchange Controls

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

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

Going Concern

The Company's assets consist of primarily a diverse portfolio of listed equities which in most circumstances, are realisable within a very short timescale. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Half-Yearly Report.

Directors' Responsibility Statement

The Directors are responsible for preparing this Half-Yearly 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 Half-Yearly Financial Report which have been prepared in accordance with the IAS 34 "Interim Financial Reporting", 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 Half-Yearly Report includes a fair review of the information required on material transactions with related parties and changes since the Annual Report.

For and on behalf of the Board of Aberdeen Asian Income Fund Limited

Peter Arthur

Chairman

30 August 2012

Investment Portfolio

As at 30 June 2012

Company	Country of activity	Valuation £'000	Total assets %
Taiwan Semiconductor Manufacturing Co	Taiwan	12,607	4.4
HSBC Holdings	Hong Kong	10,716	3.7
Taiwan Mobile	Taiwan	10,432	3.6
QBE Insurance Group	Australia	10,050	3.5
Swire Pacific (Class A and Class B)	Hong Kong	9,984	3.5
British American Tobacco	Malaysia	9,940	3.4
Oversea-Chinese Banking Corporation	Singapore	9,504	3.3
Venture Corp	Singapore	9,493	3.3
Guinness Anchor	Malaysia	9,314	3.2
United Overseas Bank	Singapore	8,828	3.1
Top ten investments		100,868	35.0
Tesco Lotus Retail Growth	Thailand	8,642	3.0
Singapore Telecommunications	Singapore	8,610	3.0
Telstra Corp	Australia	8,177	2.8
SP AusNet	Australia	8,173	2.8
Woolworths	Australia	8,030	2.8
Yanlord Land Group	China	7,379	2.6
BEC World	Thailand	7,350	2.6
Singapore Technologies Engineering	Singapore	7,333	2.5
China Mobile	China	7,105	2.5
Singapore Post	Singapore	6,827	2.4
Top twenty investments		178,494	62.0
BHP Billiton	Australia ^A	6,791	2.4
Commonwealth Bank of Australia	Australia	6,418	2.2
Australia & New Zealand Banking Group	Australia	6,341	2.2
Telecom Corp of New Zealand (Australia Listing)	New Zealand	6,016	2.1
Electricity Generating	Thailand	5,888	2.0
CDL Hospitality Trust	Singapore	5,882	2.0
Takeda Pharmaceutical	Japan	5,777	2.0
PetroChina	China	5,719	2.0
Keppel Corp	Singapore	5,660	2.0
Advanced Information Services	Thailand	5,541	1.9
Top thirty investments		238,527	82.8
Westfield Group	Australia	5,452	1.9
Siam Cement	Thailand	4,920	1.7
Giordano International	Hong Kong	4,821	1.7
Singapore Press Holdings	Singapore	4,562	1.6
Resorttrust, Inc	Japan	4,235	1.5
Westfield Retail Trust	Australia	3,725	1.3
Hong Leong Finance	Singapore	3,662	1.3
Public Bank	Malaysia	2,738	0.9
Lafarge Malayan Cement	Malaysia	2,537	0.9
Hana Microelectronics	Thailand	2,416	0.8
Top forty investments		277,595	96.4
SBS Transit	Singapore	2,340	0.8
Pos Malaysia	Malaysia	2,257	0.8
Kingmaker Footwear	Hong Kong	988	0.3
Total investments		283,180	98.3
Net current assets ^B		4,898	1.7
Total assets		288,078	100.0

^AIncorporated in and listing held in United Kingdom.

^BBefore deduction of bank loans of £12,725,000.

Condensed Statement of Comprehensive Income

	Notes	Six months ended 30 June 2012 (unaudited)			Six months ended 30 June 2011 (unaudited)			Year ended 31 December 2011 (audited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income		6,161	34	6,195	5,708	24	5,732	10,887	52	10,939
Bond interest		322	–	322	465	–	465	990	–	990
Deposit interest		7	–	7	1	–	1	1	–	1
Gains/(losses) on financial assets at fair value through profit or loss		–	25,981	25,981	–	5,879	5,879	–	(3,891)	(3,891)
Currency gains/(losses)		–	146	146	–	272	272	–	(48)	(48)
Total income		6,490	26,161	32,651	6,174	6,175	12,349	11,878	(3,887)	7,991
Expenses										
Investment management fee		(508)	(762)	(1,270)	(410)	(615)	(1,025)	(859)	(1,288)	(2,147)
Other operating expenses	4	(457)	(4)	(461)	(393)	(4)	(397)	(841)	(4)	(845)
Profit before finance costs and taxation		5,525	25,395	30,920	5,371	5,556	10,927	10,178	(5,179)	4,999
Finance costs		(45)	(67)	(112)	(40)	(60)	(100)	(75)	(112)	(187)
Profit before tax		5,480	25,328	30,808	5,331	5,496	10,827	10,103	(5,291)	4,812
Tax expense		(151)	–	(151)	(361)	–	(361)	(459)	–	(459)
Profit/(loss) and total comprehensive income for the period	2	5,329	25,328	30,657	4,970	5,496	10,466	9,644	(5,291)	4,353
Earnings per Ordinary share (pence):										
Basic	2	3.71	17.61	21.32	4.06	4.49	8.55	7.44	(4.08)	3.36
Diluted		3.66	17.37	21.03	3.91	4.32	8.23	7.26	(3.98)	3.28

The Company does not have any income or expense that is not included in profit/(loss) for the period, and therefore the "Profit/(loss) 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 of the profit/(loss) and total comprehensive income is attributable to the equity holders of Aberdeen Asian Income Fund Limited. There are no minority interests.

Condensed Balance Sheet

	Notes	As at 30 June 2012 (unaudited) £'000	As at 30 June 2011 (unaudited) £'000	As at 31 December 2011 (audited) £'000
Non-current assets				
Investments held at fair value through profit or loss		283,180	240,059	236,609
Current assets				
Cash and cash equivalents		3,628	3,239	5,930
Other receivables		1,899	1,586	738
		5,527	4,825	6,668
Current liabilities				
Bank loans		(12,725)	(10,636)	(11,000)
Other payables		(629)	(527)	(331)
		(13,354)	(11,163)	(11,331)
Net current liabilities		(7,827)	(6,338)	(4,663)
Net assets		275,353	233,721	231,946
Stated capital and reserves				
Stated capital		149,718	133,903	139,084
Warrant reserve		439	616	615
Capital redemption reserve		1,560	1,560	1,560
Capital reserve		115,522	90,073	82,523
Revenue reserve		8,114	7,569	8,164
Equity shareholders' funds		275,353	233,721	231,946
Net asset value per Ordinary share (pence):	3			
Basic		183.91	174.55	166.77
Diluted		182.09	172.15	164.78

Condensed Statement of Changes in Equity

Six months ended 30 June 2012 (unaudited)

	Stated capital £'000	Warrant reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Retained earnings £'000	Total £'000
Opening balance	139,084	615	1,560	82,523	8,164	–	231,946
Issue of own shares	8,867	–	–	7,142	–	–	16,009
Exercise of warrants	1,767	(176)	–	529	–	–	2,120
Profit for the period	–	–	–	–	–	30,657	30,657
Transferred from retained earnings to capital reserve ^A	–	–	–	25,328	–	(25,328)	–
Transferred from retained earnings to revenue reserve	–	–	–	–	5,329	(5,329)	–
Dividends paid (note 5)	–	–	–	–	(5,379)	–	(5,379)
Balance at 30 June 2012	149,718	439	1,560	115,522	8,114	–	275,353

Six months ended 30 June 2011 (unaudited)

	Stated capital £'000	Warrant reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Retained earnings £'000	Total £'000
Opening balance	118,035	2,095	1,560	79,427	7,037	–	208,154
Issue of own shares	1,075	–	–	712	–	–	1,787
Exercise of warrants	14,793	(1,479)	–	4,438	–	–	17,752
Profit for the period	–	–	–	–	–	10,466	10,466
Transferred from retained earnings to capital reserve ^A	–	–	–	5,496	–	(5,496)	–
Transferred from retained earnings to revenue reserve	–	–	–	–	4,970	(4,970)	–
Dividends paid (note 5)	–	–	–	–	(4,438)	–	(4,438)
Balance at 30 June 2011	133,903	616	1,560	90,073	7,569	–	233,721

Year ended 31 December 2011 (audited)

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

^ARepresents the capital profit/(loss) attributable to equity shareholders per the Statement of Comprehensive Income.

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

Condensed Cash Flow Statement

	Six months ended 30 June 2012 (unaudited) £'000	Six months ended 30 June 2011 (unaudited) £'000	Year ended 31 December 2011 (audited) £'000
Operating activities			
Profit for the period	30,657	10,466	4,353
Add back finance costs payable	112	100	187
Add back taxation paid	151	361	459
(Gains)/losses on investments held at fair value through the profit or loss	(25,981)	(5,879)	3,891
Net currency (gains)/losses	(146)	(272)	48
Decrease/(increase) in other receivables	91	(388)	460
Increase/(decrease) in other payables	293	96	(113)
Net cash inflow from operating activities before finance costs and taxation	5,177	4,484	9,285
Loan interest paid	(107)	(112)	(188)
Overseas taxation paid	(151)	(361)	(459)
Net cash inflow from operating activities	4,919	4,011	8,638
Investing activities			
Purchases of investments	(60,980)	(27,041)	(48,529)
Sales of investments	39,998	9,793	24,962
Net cash outflow from investing activities	(20,982)	(17,248)	(23,567)
Financing activities			
Issue of own shares	15,149	1,787	10,197
Exercise of warrants	2,120	17,752	17,759
Dividends paid	(5,379)	(4,438)	(8,517)
Loans drawn down	1,766	–	–
Net cash inflow from financing activities	13,656	15,101	19,439
Net (decrease)/increase in cash and cash equivalents	(2,407)	1,864	4,510
Analysis of changes in cash during the period			
Opening balance	5,930	1,380	1,380
(Decrease)/increase in cash as above	(2,407)	1,864	4,510
Effect of foreign currency exchange rate changes	105	(5)	40
Cash and cash equivalents at the end of the period	3,628	3,239	5,930

Notes to the Accounts

1. Accounting policies – basis of preparation

The Annual Report is prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRIC). The condensed Half-Yearly Report has been prepared in accordance with International Accounting Standards (IAS) 34 – 'Interim Financial Reporting'. They have also been prepared using the same accounting policies applied for the year ended 31 December 2011 financial statements, which were prepared in accordance with IFRS, and which received an unqualified audit report.

The financial statements have been prepared under a going concern basis. In accordance with the Financial Reporting Council's guidance on 'Going Concern and Liquidity Risk' issued in October 2009 the Directors have undertaken a review of the Company's assets which primarily consist of a diverse portfolio of listed equity shares which, in most circumstances, are realisable within a very short timescale. They have also been prepared on the assumption that approval as an investment trust will continue to be granted.

	Six months ended 30 June 2012 (unaudited)	Six months ended 30 June 2011 (unaudited)	Year ended 31 December 2011 (audited)
	P	P	P
2. Return per Ordinary share			
Basic			
Revenue return	3.71	4.06	7.44
Capital return	17.60	4.49	(4.08)
Total return	21.31	8.55	3.36

The figures above are based on the following:

	£'000	£'000	£'000
Revenue return	5,329	4,970	9,644
Capital return	25,328	5,496	(5,291)
Total return	30,657	10,466	4,353

Weighted average number of Ordinary shares in issue	143,785,851	122,324,936	129,577,283
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	P	P	P
Diluted			
Revenue return	3.66	3.91	7.26
Capital return	17.37	4.32	(3.98)
Total return	21.03	8.23	3.28

Number of dilutive shares	1,983,229	4,821,334	3,308,267
Diluted shares in issue	145,769,080	127,146,270	132,885,550

The calculation of the diluted earnings per Ordinary shares is based on the average traded share price over the period. The calculations indicate that the exercise of Warrants would result in an increase in the weighted average number of Ordinary shares of 1,983,229 to 145,769,080 Ordinary shares as at 30 June 2012.

Notes to the Accounts *continued*

3. Net asset value per share

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

	As at 30 June 2012 (unaudited)	As at 30 June 2011 (unaudited)	As at 31 December 2011 (audited)
Basic			
Attributable net assets (£'000)	275,353	233,721	231,946
Number of Ordinary shares in issue	149,718,233	133,903,071	139,083,871
Net asset value per Ordinary share (p)	183.91	174.55	166.77
Diluted			
Attributable net assets (£'000)	280,619	241,114	239,332
Number of Ordinary shares if Warrants converted	154,106,389	140,064,001	145,239,001
Net asset value per Ordinary share (p)	182.09	172.15	164.78

The calculation of the diluted net asset value per Ordinary share is based on the total number of Ordinary shares in issue at the period end and on the assumption that those Warrants which are not exercised at the period end, amounting to 4,388,156 Warrants as at 30 June 2012 (30 June 2011 – 6,160,930; 31 December 2011 – 6,155,130) were exercised on the first day of the financial year at 120p per share, giving a total of 154,106,389 Ordinary shares (30 June 2011 – 140,064,001; 31 December 2011 – 145,239,001).

	Six months ended 30 June 2012 (unaudited) £'000	Six months ended 30 June 2011 (unaudited) £'000	Year ended 31 December 2011 (audited) £'000
4. Other operating expenses (revenue)			
Directors' fees	72	70	139
Secretarial and administration fees	61	58	118
Marketing contribution	89	74	154
Auditor's remuneration	17	17	27
Custodian charges	49	43	86
Other	169	131	317
	457	393	841

	Six months ended 30 June 2012 (unaudited) £'000	Six months ended 30 June 2011 (unaudited) £'000	Year ended 31 December 2011 (audited) £'000
5. Dividends on equity shares			
Amounts recognised as distributions to equity holders in the period:			
Second interim dividend for 2011 – 1.50p	–	–	2,010
Third interim dividend for 2011 – 1.50p	–	–	2,069
Fourth interim dividend for 2011 – 2.25p (2010 – 2.25p)	3,138	2,656	2,656
First interim dividend for 2012 – 1.55p (2011 – 1.50p)	2,241	1,782	1,782
	5,379	4,438	8,517

A second interim dividend of 1.55p for the year to 31 December 2012 was paid on 24 August 2012 to shareholders on the register on 20 July 2012. The ex-dividend date was 18 July 2012.

6. Transaction costs

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

	Six months ended 30 June 2012 (unaudited) £'000	Six months ended 30 June 2011 (unaudited) £'000	Year ended 31 December 2011 (audited) £'000
Sales	67	23	118
Purchases	125	57	89
	192	80	207

7. Bank loans

On 20 March 2012 the Company's secured bank facility with Scotiabank Europe plc was extended for a further 24 month period. At the period end approximately USD 9.4 million and HKD 81.8 million, equivalent to £12.7 million was drawn down from the £15 million facility. The interest rates attributed to the USD and HKD loans at the period end were 1.596% and 1.654% respectively.

8. Stated capital

	30 June 2012		30 June 2011		31 December 2011	
	Number	£'000	Number	£'000	Number	£'000
Issued and fully paid Ordinary shares of no par value						
Balance brought forward	139,083,871	139,084	118,035,062	118,035	118,035,062	118,035
Shares issued in the period	8,867,388	8,867	1,075,000	1,075	6,250,000	6,250
Warrants exercised in the period	1,766,974	1,767	14,793,009	14,793	14,798,809	14,799
	149,718,233	149,718	133,903,071	133,903	139,083,871	139,084

During the period 8,867,388 (30 June 2011 – 1,075,000; 31 December 2011 – 6,250,000) Ordinary shares were issued by the Company at a total consideration received, including transaction costs, of £16,009,000 (30 June 2011 – £1,787,000; 31 December 2011 – £10,197,000).

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

During the period 1,766,974 (30 June 2011 – 14,793,009; 31 December 2011 – 14,798,809) Warrants were exercised into Ordinary shares at a total consideration received of £2,120,000 (30 June 2011 – £17,752,000; 31 December 2011 – £17,759,000). At 30 June 2012 there were 4,388,156 (30 June 2011 – 6,160,930; 31 December 2011 – 6,155,130) Warrants in issue. The warrant holders are entitled to subscribe in cash for one Ordinary share at 120p on the subscription date, which is the twentieth business day after the dispatch to Ordinary shareholders of the Company's Annual Report and Accounts or Half-Yearly report for each year, commencing with the twentieth business day after the dispatch to Ordinary shareholders of the Company's Half-Yearly Report for the six months ending 30 June 2012 and ending on the twentieth business day after the dispatch to Ordinary shareholders of the Company's Annual Report and Accounts for the year ending 31 December 2012.

9. Related party transactions

Mr H Young is a director of Aberdeen Asset Management PLC ("AAM") and its subsidiary Aberdeen Asset Management Asia Limited ("AAM Asia"). Aberdeen Private Wealth Management Limited ('APWM') is also a subsidiary of AAM and it has an agreement to provide management services to the Company, which it has sub-delegated to AAM Asia. APWM has an agreement to provide company secretarial and administration services to 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 £1,270,000 (30 June 2011 – £1,025,000; 31 December 2011 – £2,147,000) of management fees were paid and payable, with a balance of £437,000 (30 June 2011 – £369,000; 31 December 2011 – £192,000) being payable to AAM Asia at the period end.

The company secretarial and administration fee is based on an annual amount of £123,000 (30 June 2011 – £118,000; 31 December 2011 – £118,000), increased annually in line with any increases in RPI, payable quarterly in arrears. During the period £61,000 (30 June 2011 – £58,000; 31 December 2011 – £118,000) of fees were paid and payable, with a balance of £31,000 (30 June 2011 – £29,000; 31 December 2011 – £30,000) being payable to APWM at the period end.

10. Events after the reporting period

A further 650,000 Ordinary shares have been issued by the Company subsequent to the reporting period end at a total consideration received, including transaction costs, of £1,290,000. Following the share issue there were 150,368,233 Ordinary shares in issue.

11. Half-Yearly Financial Report

The financial information for the six months ended 30 June 2012 and 30 June 2011 have not been audited.

The auditor has reviewed the financial information for the six months ended 30 June 2012 pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information. The report of the auditor is on page 15.

12. This Half-Yearly Financial Report was approved by the Board on 30 August 2012.

Independent Review Report to Aberdeen Asian Income Fund Limited

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the Half-Yearly Financial Report for the six months ended 30 June 2012 which comprises the Condensed Statement of Comprehensive Income, the Condensed Balance Sheet, the Condensed Statement of Changes in Equity, the Condensed Cash Flow Statement and the related explanatory notes 1 to 12. We have read the other information contained in the Half-Yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The Half-Yearly Financial Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half-Yearly Financial Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Company are prepared in accordance with IFRSs. The condensed set of financial statements included in this Half-Yearly Financial Report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Half-Yearly Financial Report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not

enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half-Yearly Financial Report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP

Jersey
Channel Islands
30 August 2012

How to Invest in Aberdeen Asian Income Fund Limited

Direct

Investors can buy and sell shares in the Company directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Alternatively, shares can be bought directly through 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 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 shares in the Company can be purchased. There are no dealing charges on the initial purchase of shares, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Lump sum investments start at £250, while regular savers may invest from £100 per month. Investors simply pay Government Stamp Duty (currently 0.5%) 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 £11,280 can be made in the tax year 2012/2013.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can 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 previous tax year investments to us which can be invested in the Company while retaining your ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested. As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

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

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.asian-income.co.uk) and the TrustNet website (www.trustnet.co.uk). Alternatively you can call 0500 00 00 40 for trust 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 Trusts
PO Box 11020
Chelmsford
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, London EC4M 9HH which is authorised and regulated by the Financial Services Authority.

Corporate Information

Directors

Peter Arthur, Chairman
Andrey Berzins, Audit Committee Chairman
Duncan Baxter
Charles Clarke (*appointed 29 March 2012*)
Martyn Chambers (*retired 16 May 2012*)
Dr Ana Cukic Armstrong
Hugh Young

Manager

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