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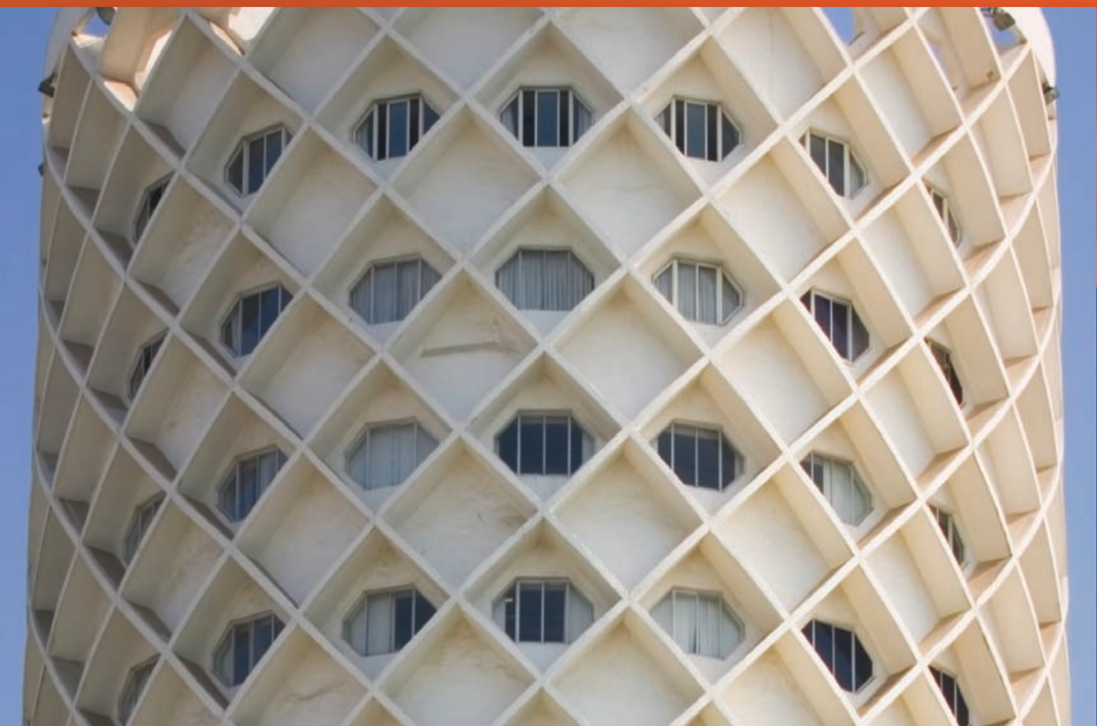
# New India Investment Trust PLC

**Interim Report**

**For the 6 months ended 30 September 2009**



Aberdeen

# Contents

# Highlights and Financial Calendar

## Financial Summary

| | 30 September 2009 | 31 March 2009 | % Change |
|---|---|---|---|
| Total equity shareholders' funds (£'000) | **104,338** | 63,653 | + 63.9 |
| Share price (mid-market) | **178.5p** | 112.25p | + 59.0 |
| Diluted net asset value per share | **197.2p** | 129.4p | + 52.4 |
| Discount to diluted net asset value | **9.5%** | 13.2% | |
| Rupee to Sterling exchange rate | **76.94** | 72.72 | – 5.8 |

## Performance (total return)

| | Six months ended 30 September 2009 | Year ended 31 March 2009 |
|---|---|---|
| Share price | **59.0%** | –19.1% |
| Diluted net asset value | **52.4%** | –19.7% |
| Undiluted net asset value | **61.7%** | –22.6% |
| MSCI India Index (Sterling adjusted) | **71.3%** | –33.8% |

## Financial Calendar

| | |
|---|---|
| **November 2009** | Announcement of unaudited Half-Yearly Financial Report |
| **December 2009** | Interim Report posted to shareholders |
| **June 2010** | Announcement of results for the year ending 31 March 2010 |
| **July 2010** | Annual Report posted to shareholders |
| **2 August 2010** | Final subscription date for Warrants |
| **September 2010** | Annual General Meeting |

# Interim Board Report

## Overview

In the six months ended 30 September 2009, the Company's fully diluted net asset value rose by 52.4% and the undiluted net asset value rose by 61.7%. This compared with a gain in the benchmark, the MSCI India Index (sterling adjusted), of 71.3%. These figures are expressed on a total return basis. During the period, the Ordinary share price total return was 59.0%, reflecting a narrowing, from 13.2% to 9.5%, of the discount to the fully diluted net asset value.

While the portfolio's value rose by 64% during the period, a sharp increase in absolute terms, it was a little behind the benchmark. This reflects the nature of the rally, which was on the whole led by what we would describe as the poorer quality companies which had underperformed in 2008. Such trends rarely last very long, and investor attention is expected to revert back, at some point, to the stronger, more stable companies which your Company holds, which outperformed so significantly in relative terms in the sharp downturn in markets in our last financial year. Most notably, investor euphoria greeted the Congress party's resounding victory in May with the MSCI India Index rising by over 17% in a record one-day gain. In this bullish environment, investors ignored fundamentals, switching their focus from the conservative companies that your Manager favours to investments with riskier financial profiles.

There is no doubt that India continues to be one of the world's most exciting growth stories. Thanks to market liberalisation which began in the mid-1980s, India has emerged as a global player in information technology and pharmaceuticals. Moreover, unlike many other developing economies, India is not reliant on low value-added manufacturing activities. This has helped the economy expand further in the March and June quarters of 2009 with the IMF predicting that it will grow by 6.4% in 2010.

And yet, India has not reached its full potential. Handicapped by its poor infrastructure, there remains still further scope for expansion. Robust domestic demand will fuel growth. The country is still in the early stages of its growth trajectory: nominal GDP per capita stands at just US$1,017. Nonetheless, India faces an uphill battle. Its public finances are poor, while the new government announced in its July budget that the deficit could widen on additional spending. Meanwhile, the central bank warned that consumer price inflation might rise to 5% by March 2010 as the poor monsoon pushes up food prices. Despite numerous macro shortcomings, local businesses have managed to grow, thanks to a thriving entrepreneurial culture and strong legal system.

Further information regarding performance can be found in the Manager's Review.

## Outlook

Much of what is happening in world stockmarkets, including India's, is a consequence of the massive fiscal and monetary stimulus being undertaken by many governments. The consequences of the tap being turned off are difficult to predict. As for India, what is clear is that the country's growth prospects are excellent, its financial sector does not have the problems that plague many Western countries and it has many high quality companies in which to invest. Therefore, looking beyond whatever volatility may occur in coming months, we remain confident of long-term investment prospects.

## Warrants

On 14 August 2009, the Company issued 644,685 new Ordinary shares to Warrantholders who had exercised their right to subscribe for Ordinary shares. 12,115,997 Warrants remain in issue and the final date for Warrantholders to exercise their right to subscribe for Ordinary shares will be 2 August 2010.

## Risks and Uncertainties

The Board seeks to set out below its view of the key risks affecting its business. The Board is aware that, apart from those issues it can identify, there are likely to be matters about which it does not or cannot know which may also affect New India Investment Trust.

With that reservation, the Board believes that the factors which could have the most significant adverse impact on shareholders would be likely to include:

- falls in the prices of securities in Indian companies, which may be themselves determined by local and international economic, political and financial factors and management actions;
- adverse movements in the exchange rate between sterling and the rupee as well as between other currencies affecting the fortunes of the companies in which we invest;
- a lack of skill in New India's investment management team;
- factors which affect the discount to net asset value at which the shares of New India trade. These may include the popularity of the investment objective of the company, the popularity of investment trust shares in general and the ease with which the shares and warrants of New India can be traded on the London Stock Exchange;
- changes in or breaches of the complicated set of statutory, tax and regulatory rules within which New India seeks to conduct its business, as highlighted by the EU proposals regarding the regulation of Alternative Investment Funds (meaning any fund which is not regulated as a UCITS fund, and which, therefore, includes investment trusts); and
- a challenge to the security of the assets of the Company.

Some of these risks can be mitigated or managed to a greater or lesser extent by the actions of the Board in appointing competent managers and custodians. In addition, the Board seeks to put in place, through its contractual arrangements and through various monitoring processes, controls which should avert (but do not guarantee the avoidance of) what might be regarded as operational mistakes. However, investment tends to involve both risk and opportunity regarding future prospects, and we cannot avoid either in our search for returns.

## Directors' Responsibility Statement

The Directors are responsible for preparing the 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 financial statements within the half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'; and
- the Interim Management Report includes a fair review of the information required by 4.2.7R (indication of important events during the first six months of the year) and 4.2.8R (disclosure of related party transactions and changes therein) of the FSA's Disclosure and Transparency Rules.

The Half-Yearly Financial Report for the six months ended 30 September 2009 comprises the Interim Management Report in the form of the Interim Board Report, the Directors' Responsibility Statement and a condensed set of financial statements, and has not been audited or reviewed by the auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information. The Manager's Review is provided for information only, and is the responsibility of Aberdeen Asset Management Asia Limited.

By order of the Board
**William Salomon**
Chairman
25 November 2009

# Manager's Review

## Overview

The Indian equity market advanced strongly in the six months under review. Overall, shares gained from robust foreign inflows, improving economic and corporate fundamentals, and the Congress-led coalition's decisive victory. The rally, however, was briefly interrupted in July, on disappointment over lack of policy initiatives in the Budget, and in August, on worries about the weak monsoon and rising inflation. Finally, optimism about the September quarter results season provided further impetus.

On the economic front, India was among the few countries in the world which continued to grow throughout the global recession as a result of strong policy support and a vibrant domestic economy. India's GDP expanded by 6.1%, year-on-year, in the quarter to 30 June 2009, a modest improvement over the preceding three months. For the fiscal year ending March 2010, both the government and the Reserve Bank of India (the "RBI") expect the economy to grow by around 6% or more. Admittedly, this is significantly slower than the average 9% expansion prior to the global financial crisis, but still impressive in light of a weak global economy.

In monetary policy, the RBI joined other central banks in cutting interest rates to revive growth. The main lending rate was lowered to 4.75% and the short-term borrowing rate trimmed to 3.25%. Monetary and fiscal measures have been instrumental in India's resilient economic performance, helping spur local demand and temper a weak export sector. The increase in government spending, however, stretched already-poor state finances - the fiscal deficit is now projected to rise to 6.8% of GDP.

Meanwhile, inflation remains a concern. Consumer prices were elevated by the widening drought which drove up food prices. The central bank cautioned that inflation could rise to 5% by March 2010 and although the government had announced that food stockpiles could avert further inflation, rising commodity and food prices, coupled with the pick-up in economic activity, could alter the RBI's hitherto accommodative interest rate stance.

In politics, the Congress party was swept back to power with its biggest win in 18 years. The strong mandate allows Congress to govern without relying on the Communist Party which had held back much-needed reforms. Hopes that the new government would drive economic and governance reforms were raised, but the July budget was light on structural reform. However, the budget did address some obstacles to India's economic well-being which included augmenting rural incomes and credit and improving infrastructure.

## Performance Attribution Analysis

The portfolio posted a gross return of 64.0%, in sterling terms, for the six months ended 30 September 2009, but underperformed the benchmark MSCI India Index, which gained 71.3%. The portfolio outperformed the market significantly in the last financial year, although falling sharply in absolute terms. From inception to 30 September 2009, the portfolio has returned 166.1% while the Index has returned 187.5%.

The biggest positive contributor to relative performance was the lack of exposure to index heavyweight Reliance Industries. The petrochemical firm's share price was weak as investors were unnerved by the continuing row between the Ambani brothers which centred on the pricing and supply of natural gas in the KG basin by Reliance Industries to Reliance Natural Resource. Also adding to relative return were the investments in information technology stocks. The holdings in Infosys Technologies, Tata Consultancy Services, MphasiS and CMC rallied on upbeat results and signs of a recovery in demand for software services that will boost corporate earnings.

Our holding in Bharti Airtel cost us performance over the six months. The merger talks between Bharti and South Africa's telco MTN collapsed after the pair failed to secure regulatory approval for the US$24 billion transaction. Having underperformed on concerns over the deal, Bharti's share price rose after the talks were abandoned, on hopes that the mobile-phone operator would focus on its home market. However, its stock price subsequently corrected, as did those of other operators, on fears of a looming price war. While this may temporarily damage Bharti's profitability, we are confident that it has the clout to remain relatively unscathed, and could strengthen its competitive position over the longer term.

Underperformance also came from not holding certain stocks in the consumer discretionary sector. Hero Honda was resilient as the two-wheeler segment held up better over the last 2 years but non-holdings like Mahindra & Mahindra and Maruti Suzuki recovered from the collapse over the same period as liquidity rotated to these stocks that had underperformed. We prefer Hero Honda as it has a stronger market position, product offering and a more extensive distribution network.

The overweight allocation to healthcare also cost the Company performance. Increased regulation in the global pharmaceutical industry weighed on sentiment, even though the holdings in GlaxoSmithKline and Sun Pharmaceutical posted good quarterly earnings figures. The sector is generally insensitive to the economic cycle and thus tends to lag in the early recovery phase of equity markets.

The materials holdings also underperformed during the period. Grasim Industries gained from steady demand and firm prices, but lagged other more speculative commodity plays, such as Sterlite Industries and Jindal Steel & Power, which saw strong recoveries following sharp share price falls last year. However, these heavily leveraged cyclical stocks do not meet our strict investment criteria.

## Portfolio Activity

Over the period, we added three new stocks to the portfolio. We initiated a position in Ambuja Cements to gain greater exposure to that sector, where long-term prospects remain strong, given the burgeoning demand from housing and infrastructure projects. One of the two listed Indian subsidiaries of Swiss cement multinational Holcim, Ambuja Cements has a good geographical spread and complements our holding in Grasim Industries. The other new additions are Castrol India, a globally strong brand which has proved resilient in the downturn, and HDFC Bank, a leading domestic lender with a good management team and strong franchise.

Against this, we trimmed some positions after strong share price rises, including Hero Honda and Grasim Industries; the holding in Bank of Baroda was also reduced.

## Outlook

The swift turnaround in stock markets worldwide has been remarkable but conditions are likely to remain volatile. In India, liquidity has supported the market rally. Resilient private spending and a large policy stimulus have also helped the economy weather the slowdown.

That said, the global economic environment remains subdued, while the poor monsoon is hindering the country's near-term prospects. Weak rains will likely squeeze rural income. Falling farm output will push up food prices and inflation, which may require a response from the RBI which might constrain economic growth. While programmes to help rural households may alleviate the impact of lower crop production, the central bank faces a tricky balancing act in deciding when to reverse its easy monetary policy as price pressures mount. Policy concerns mean India could lag its regional peers, where tightening may not be required as soon. Longer term, however, growth prospects for the country, with its attractive demographics, high domestic savings rate and rising industrialisation, remain excellent.

In this environment, we continue to uphold our disciplined process of investing in fundamentally strong companies. Although their shares may underperform during momentum-driven rallies, we believe that their businesses will deliver solid long-term results.

**Aberdeen Asset Management Asia Limited**

# Investment Portfolio - Group

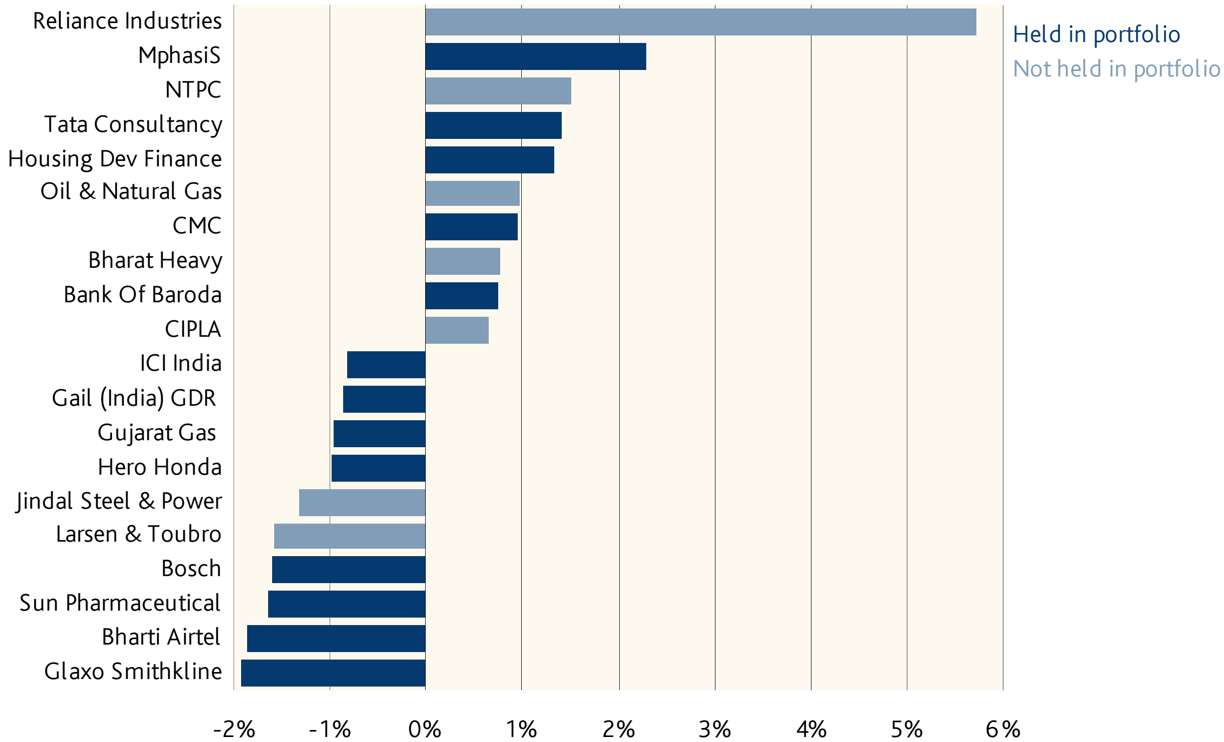
As at 30 September 2009

| Company | Sector | Valuation £'000 | Net assets % |
|---|---|---|---|
| **Infosys Technologies** | Information Technology | 10,316 | 9.9 |
| **Housing Development Finance** | Financials | 9,834 | 9.4 |
| **ICICI Bank** | Financials | 7,078 | 6.8 |
| **Tata Consultancy Services** | Information Technology | 6,619 | 6.3 |
| **Grasim Industries**[A] | Materials | 5,801 | 5.6 |
| **ABB India** | Industrials | 4,842 | 4.6 |
| **Hero Honda Motors** | Consumer Discretionary | 4,782 | 4.6 |
| **GlaxoSmithKline** | Healthcare | 4,115 | 3.9 |
| **Godrej Consumer Products** | Consumer Staples | 3,843 | 3.7 |
| **Gail (India) GDR** | Utilities | 3,653 | 3.5 |
| Top ten investments | | 60,883 | 58.3 |
| **Bharti Airtel** | Telecommunication Services | 3,429 | 3.3 |
| **Piramal Healthcare** | Healthcare | 3,389 | 3.2 |
| **ITC** | Consumer Staples | 3,273 | 3.1 |
| **HDFC Bank** | Financials | 3,218 | 3.1 |
| **MphasiS** | Information Technology | 3,095 | 3.0 |
| **Sun Pharmaceutical Industries** | Healthcare | 3,092 | 3.0 |
| **Container Corporation of India** | Industrials | 3,069 | 2.9 |
| **Bosch** | Consumer Discretionary | 3,012 | 2.9 |
| **Hindustan Unilever** | Consumer Staples | 2,873 | 2.8 |
| **Gujarat Gas** | Utilities | 2,832 | 2.7 |
| Top twenty investments | | 92,165 | 88.3 |
| **Tata Power** | Utilities | 2,474 | 2.4 |
| **Aventis Pharma** | Healthcare | 2,256 | 2.2 |
| **Bank of Baroda** | Financials | 1,519 | 1.4 |
| **ICI India** | Materials | 1,289 | 1.2 |
| **CMC** | Information Technology | 1,161 | 1.1 |
| **Kansai Nerolac Paints** | Materials | 1,151 | 1.1 |
| **Ambuja Cements** | Materials | 1,144 | 1.1 |
| **Castrol (India)** | Materials | 517 | 0.5 |
| Gujarat Ambuja Cements | Materials | **388** | **0.4** |
| Total investments | | **104,064** | **99.7** |
| Net current assets | | **274** | **0.3** |
| Net assets | | **104,338** | **100.0** |

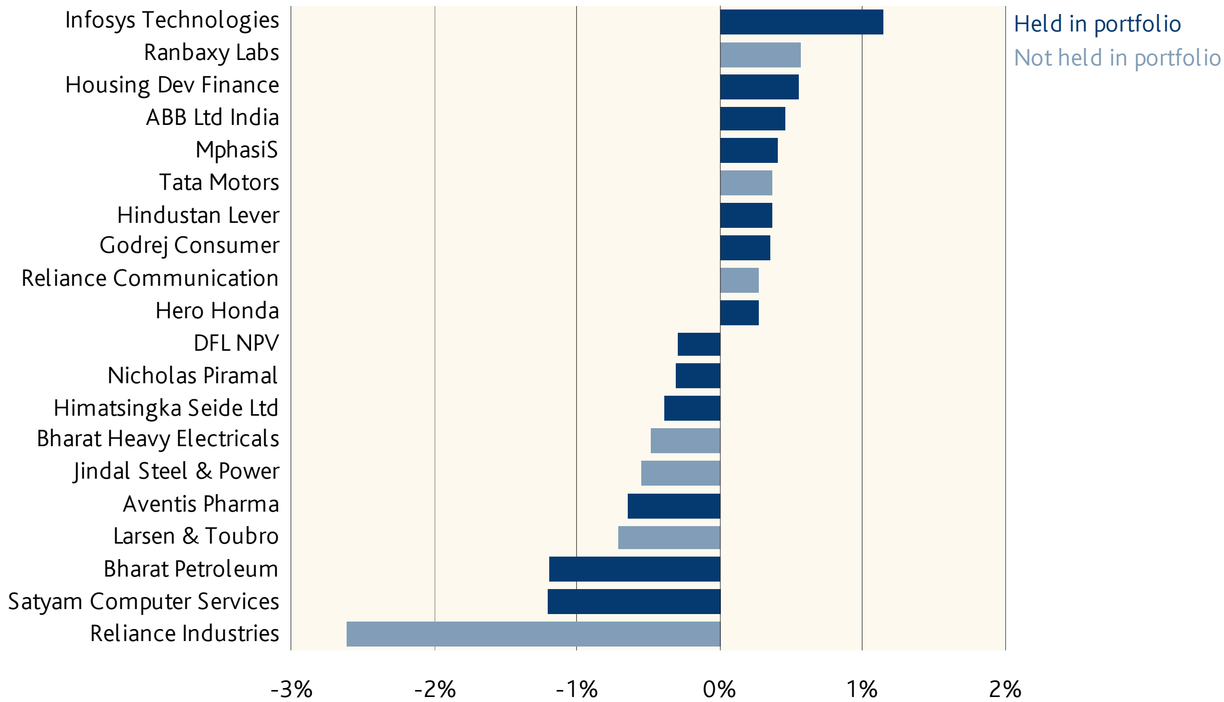
[A] Comprises equity and GDR holdings.

# Significant Contributors to Relative Performance

## For the six months to 30 September 2009




## From 9 December 2004 (date of management and investment policy change) to 30 September 2009



# Stock Contribution to NAV Performance

| Stock name | Weight at 30/09/09 % | Returns % | Contribution to return % | Contribution to NAV return pence |
|---|---|---|---|---|
| Housing Development Finance | 9.5 | 97.1 | 8.6 | 11.8 |
| ICICI Bank | 6.8 | 162.3 | 7.5 | 10.3 |
| Infosys Technologies | 9.9 | 65.2 | 6.4 | 8.8 |
| Tata Consultancy Services | 6.3 | 121.0 | 5.3 | 7.3 |
| Grasim Industries | 5.5 | 69.0 | 4.1 | 5.7 |
| ABB India | 4.6 | 73.8 | 3.6 | 4.9 |
| MphasiS | 3.0 | 210.0 | 3.0 | 4.1 |
| Bank Of Baroda | 1.4 | 98.2 | 2.7 | 3.7 |
| Hero Honda Motors | 4.6 | 49.6 | 2.6 | 3.6 |
| Nicholas Piramal | 3.2 | 89.4 | 2.5 | 3.4 |
| Godrej Consumer Products | 3.7 | 74.9 | 2.5 | 3.4 |
| Container Corporation of India | 3.0 | 56.3 | 1.7 | 2.4 |
| Tata Power | 2.4 | 63.3 | 1.7 | 2.3 |
| Gail (India) GDR | 3.5 | 39.8 | 1.6 | 2.2 |
| Bharti Airtel | 3.3 | 27.9 | 1.4 | 1.9 |
| GlaxoSmithKline | 3.9 | 33.6 | 1.4 | 1.9 |
| CMC | 1.1 | 237.6 | 1.3 | 1.8 |
| Gujarat Gas | 2.7 | 41.8 | 1.0 | 1.4 |
| Aventis Pharma | 2.1 | 51.1 | 1.0 | 1.3 |
| Bosch | 2.9 | 29.3 | 0.8 | 1.2 |
| ITC | 3.1 | 20.9 | 0.7 | 1.0 |
| Sun Pharmaceutical Industries | 3.0 | 20.9 | 0.7 | 0.9 |
| Kansai Nerolac Paints | 1.1 | 63.8 | 0.6 | 0.9 |
| HDFC Bank | 3.1 | – | 0.5 | 0.7 |
| ICI India | 1.2 | 23.9 | 0.4 | 0.5 |
| Castrol (India) | 0.5 | – | 0.2 | 0.3 |
| Hindustan Unilever | 2.8 | 6.3 | 0.2 | 0.3 |
| Gujarat Anbuja Cements | 1.5 | – | – | – |
| **Total (equities as 100%)** | 99.7 | 64.0 | 64.0 | 88.0 |
| Cash | 0.5 | | – | – |
| Net liabilities | (0.2) | | – | – |
| **Total fund return** | 100.0 | | 64.0 | 88.0 |
| Management fee, expenses etc. | – | | (2.3) | (3.2) |
| **NAV per share return (basic)** | 100.0 | | 61.7 | 84.8 |
| Dilution impact on return | – | | (9.3) | (17.0) |
| **NAV per share return (diluted)** | **100.0** | | **52.4** | **67.9** |

# Group Income Statement

| | Notes | Six months ended 30 September 2009 (unaudited) | | | Six months ended 30 September 2008 (unaudited) | | | Year ended 31 March 2009 (audited) | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Revenue return £'000 | Capital return £'000 | Total return £'000 | Revenue return £'000 | Capital return £'000 | Total return £'000 | Revenue return £'000 | Capital return £'000 | Total return £'000 |
| **Total revenue** | 3 | 880 | – | 880 | 1,001 | – | 1,001 | 1,347 | – | 1,347 |
| Gains/(losses) on investments held at fair value | | – | 40,036 | 40,036 | – | (11,814) | (11,814) | – | (19,157) | (19,157) |
| Currency losses | | – | (144) | (144) | – | (49) | (49) | – | (61) | (61) |
| | | 880 | 39,892 | 40,772 | 1,001 | (11,863) | (10,862) | 1,347 | (19,218) | (17,871) |
| **Expenses** | | | | | | | | | | |
| Investment management fees | | (435) | – | (435) | (404) | – | (404) | (718) | – | (718) |
| VAT recoverable on investment management fees | | – | – | – | – | – | – | 33 | – | 33 |
| Other operating expenses | | (279) | – | (279) | (262) | – | (262) | (563) | (2) | (565) |
| **Profit/(loss) before tax and finance costs** | | 166 | 39,892 | 40,058 | 335 | (11,863) | (11,528) | 99 | (19,220) | (19,121) |
| Finance costs | | – | – | – | – | – | – | (6) | – | (6) |
| **Profit/(loss) before taxation** | | 166 | 39,892 | 40,058 | 335 | (11,863) | (11,528) | 93 | (19,220) | (19,127) |
| Taxation | 4 | (18) | – | (18) | (23) | – | (23) | (8) | – | (8) |
| **Profit/(loss) for the period** | | **148** | **39,892** | **40,040** | **312** | **(11,863)** | **(11,551)** | **85** | **(19,220)** | **(19,135)** |
| **Return per Ordinary share (pence)** | | | | | | | | | | |
| **Basic** | 5 | **0.32** | **85.83** | **86.15** | **0.66** | **(25.26)** | **(24.60)** | **0.18** | **(41.21)** | **(41.03)** |
| **Diluted** | 5 | **0.29** | **78.92** | **79.21** | **0.62** | **(23.49)** | **(22.87)** | **0.17** | **(39.18)** | **(39.01)** |

The total column of this statement represents the Profit & Loss Account of the Group, prepared in accordance with International Financial Reporting Standards ("IFRS"). The revenue return and capital return 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 New India Investment Trust PLC. There are no minority interests.

# Group Balance Sheet

| | Notes | As at 30 September 2009 (unaudited) £'000 | As at 30 September 2008 (unaudited) £'000 | As at 31 March 2009 (audited) £'000 |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Investments held at fair value through profit or loss | | 104,064 | 70,433 | 62,215 |
| **Current assets** | | | | |
| Cash and cash equivalents | | 532 | 614 | 2,090 |
| Other receivables | | 179 | 471 | 190 |
| **Total current assets** | | 711 | 1,085 | 2,280 |
| **Total assets** | | 104,775 | 71,518 | 64,495 |
| **Current liabilities** | | | | |
| Bank overdraft | | – | – | (623) |
| Other payables | | (437) | (281) | (219) |
| **Total current liabilities** | | (437) | (281) | (842) |
| **Net assets** | | **104,338** | **71,237** | **63,653** |
| **Capital and reserves** | | | | |
| Ordinary share capital | | 11,739 | 11,577 | 11,577 |
| Share premium account | | 12,290 | 11,807 | 11,807 |
| Special reserve | | 15,778 | 15,778 | 15,778 |
| Warrant reserve | | 3,801 | 4,003 | 4,003 |
| Warrant exercise reserve | | 228 | 26 | 26 |
| Capital redemption reserve | | 4,484 | 4,484 | 4,484 |
| Capital reserve | 8 | 54,736 | 22,201 | 14,844 |
| Revenue reserve | | 1,282 | 1,361 | 1,134 |
| | | **104,338** | **71,237** | **63,653** |
| **Net asset value per Ordinary share (pence)** | 9 | | | |
| **Basic** | | **222.21** | **153.83** | **137.45** |
| **Diluted** | | **197.15** | **142.20** | **129.36** |

# Group Statement of Changes in Equity

### Six months ended 30 September 2009 (unaudited)

| | Share capital £'000 | Share premium account £'000 | Special reserve £'000 | Warrant reserve £'000 | Warrant exercise reserve £'000 | Capital redemption reserve £'000 | Capital reserve £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|---|---|
| Balance at 31 March 2009 | 11,577 | 11,807 | 15,778 | 4,003 | 26 | 4,484 | 14,844 | 1,134 | 63,653 |
| Net profit on ordinary activities after taxation | – | – | – | – | – | – | 39,892 | 148 | 40,040 |
| Issue of share capital upon exercise of Warrants | 162 | 483 | – | (202) | 202 | – | – | – | 645 |
| **Balance at 30 September 2009** | **11,739** | **12,290** | **15,778** | **3,801** | **228** | **4,484** | **54,736** | **1,282** | **104,338** |

### Six months ended 30 September 2008 (unaudited)

| | Share capital £'000 | Share premium account £'000 | Special reserve £'000 | Warrant reserve £'000 | Warrant exercise reserve £'000 | Capital redemption reserve £'000 | Capital reserve £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|---|---|
| Balance at 31 March 2008 | 11,966 | 11,790 | 17,981 | 4,010 | 19 | 4,089 | 34,064 | 1,049 | 84,968 |
| Net (loss)/profit on ordinary activities after taxation | – | – | – | – | – | – | (11,863) | 312 | (11,551) |
| Issue of share capital upon exercise of Warrants | 6 | 17 | – | (7) | 7 | – | – | – | 23 |
| Purchase of own shares | (395) | – | (2,192) | – | – | 395 | – | – | (2,192) |
| Expenses of repurchase | – | – | (11) | – | – | – | – | – | (11) |
| **Balance at 30 September 2008** | **11,577** | **11,807** | **15,778** | **4,003** | **26** | **4,484** | **22,201** | **1,361** | **71,237** |

### Year ended 31 March 2009 (audited)

| | Share capital £'000 | Share premium account £'000 | Special reserve £'000 | Warrant reserve £'000 | Warrant exercise reserve £'000 | Capital redemption reserve £'000 | Capital reserve £'000 | Revenue reserve £'000 | Total £'000 |
|---|---|---|---|---|---|---|---|---|---|
| Balance at 31 March 2008 | 11,966 | 11,790 | 17,981 | 4,010 | 19 | 4,089 | 34,064 | 1,049 | 84,968 |
| Net (loss)/profit on ordinary activities after taxation | – | – | – | – | – | – | (19,220) | 85 | (19,135) |
| Issue of share capital upon exercise of Warrants | 6 | 17 | – | (7) | 7 | – | – | – | 23 |
| Purchase of own shares | (395) | – | (2,192) | – | – | 395 | – | – | (2,192) |
| Expenses of repurchase | – | – | (11) | – | – | – | – | – | (11) |
| **Balance at 31 March 2009** | **11,577** | **11,807** | **15,778** | **4,003** | **26** | **4,484** | **14,844** | **1,134** | **63,653** |

# Group Cash Flow Statement

| | Six months ended 30 September 2009 (unaudited) £'000 | Six months ended 30 September 2008 (unaudited) £'000 | Year ended 31 March 2009 (audited) £'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit/(loss) profit before tax | 40,058 | (11,528) | (19,127) |
| (Gains)/losses on investments held at fair value through profit or loss | (40,036) | 11,814 | 19,157 |
| Net losses on foreign exchange | 144 | 49 | 61 |
| Net (purchases)/sales of investments held at fair value through profit or loss | (1,812) | 2,579 | 3,454 |
| (Increase)/decrease in amounts due from brokers | (108) | (215) | 113 |
| Decrease/(increase) in other receivables | 117 | (37) | (95) |
| Increase/(decrease) in amounts due to brokers | 199 | (432) | (446) |
| Increase/(decrease) in other payables | 14 | (103) | (135) |
| Finance costs | – | – | 6 |
| **Net cash (outflow)/inflow from operating activities before interest and corporation tax** | (1,424) | 2,127 | 2,988 |
| Corporation tax paid | (12) | (33) | (46) |
| **Net cash (outflow)/inflow from operating activities** | (1,436) | 2,094 | 2,942 |
| **Financing activities** | | | |
| Purchase of own shares | – | (2,203) | (2,203) |
| Exercise of Warrants | 645 | – | 23 |
| Finance costs | – | – | (6) |
| **Net cash inflow/(outflow) from financing activities** | 645 | (2,203) | (2,186) |
| **Net (decrease)/increase in cash and cash equivalents** | (791) | (109) | 756 |
| Effect of foreign exchange rate changes | (144) | (49) | (61) |
| **Change in cash and cash equivalents** | (935) | (158) | 695 |
| Cash and cash equivalents at the start of the period | 1,467 | 772 | 772 |
| **Cash and cash equivalents at the end of the period** | **532** | **614** | **1,467** |

# Notes to the Accounts

**1. Principal activity**

The principal activity of the Company is that of an investment trust company within the meaning of Section 842 of the Income and Corporation Taxes Act 1988.

The principal activity of its foreign subsidiary is similar in all relevant respects to that of its United Kingdom parent.

**2. Accounting policies**

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) 34 – 'Interim Financial Reporting', as adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Reporting Interpretations Committee of the IASB (IFRIC). The Group's financial statements have been prepared using the same accounting policies applied for the year ended 31 March 2009 financial statements, which received an unqualified audit report.

| **3. Income** | **Six months ended 30 September 2009 £'000** | **Six months ended 30 September 2008 £'000** | **Year ended 31 March 2009 £'000** |
|---|---|---|---|
| **Income from investments** | | | |
| Overseas dividends | 876 | 985 | 1,322 |
| UK Bond interest | – | 2 | 2 |
| **Other operating income** | | | |
| Deposit interest | 4 | 14 | 23 |
| **Total income** | **880** | **1,001** | **1,347** |

| **4. Tax on ordinary activities** | **Six months ended 30 September 2009 £'000** | **Six months ended 30 September 2008 £'000** | **Year ended 31 March 2009 £'000** |
|---|---|---|---|
| **(a) Current tax:** | | | |
| Overseas taxation | **18** | **23** | **8** |

**(b) Factors affecting the tax charge for the year or period**

The tax charged for the period can be reconciled to the profit per the Group Income Statement as follows:

| | **Six months ended 30 September 2009 £'000** | **Six months ended 30 September 2008 £'000** | **Year ended 31 March 2009 £'000** |
|---|---|---|---|
| Profit/(loss) before tax | **40,058** | **(11,528)** | **(19,127)** |
| Corporation tax on profit at the standard rate of 28% (September 2008 & March 2009 – 28%) | 11,216 | (3,228) | (5,356) |
| Effects of: | | | |
| (Gains)/losses on investments held at fair value through profit or loss not taxable | (11,210) | 3,308 | 5,365 |
| Currency losses not taxable | 40 | 14 | 17 |
| Effect on subsidiary of different tax rate levied in another jurisdiction | (28) | (71) | (18) |
| Current tax charge | **18** | **23** | **8** |

The Company is exempt from corporation tax on capital gains provided it obtains agreement from HM Revenue & Customs that the tests within Section 842 (s842) of the Income & Corporation Taxes Act 1988 have been met. Under Mauritian taxation laws no Mauritian capital gains tax is payable on profits arising from the sale of securities.

**5. Return per Ordinary share**

The basic earnings per Ordinary share are based on the net profit after taxation of £40,040,000 (30 September 2008 – net loss of £11,551,000; 31 March 2009 – net loss of £19,135,000), and on 46,475,033 (30 September 2008 – 46,968,973; 31 March 2009 – 46,640,119) Ordinary shares, being the weighted average number of Ordinary shares in issue during the period.

The calculation of the diluted returns per Ordinary share is carried out in accordance with IAS 33, "Earning per Share". For the purposes of calculating diluted returns per Ordinary share, the number of Ordinary shares is the weighted average used in the basic calculation plus the number of Ordinary shares deemed to be issued for no consideration on exercise of all Warrants by reference to the average share price of the Ordinary shares during the period. The calculations indicate that the exercise of Warrants would result in an increase in the weighted average number of Ordinary shares of 4,074,537 (30 September 2008 – 3,542,192; 31 March 2009 – 2,417,518) to a total of 50,549,570 (30 September 2008 – 50,511,165; 31 March 2009 – 49,057,637) Ordinary shares.

The basic and diluted earnings per Ordinary share detailed above can be further analysed between revenue and capital as follows:

**Basic**

| | Six months ended 30 September 2009 p | Six months ended 30 September 2008 p | Year ended 31 March 2009 p |
|---|---|---|---|
| Revenue return per share | 0.32 | 0.66 | 0.18 |
| Capital return per share | 85.83 | (25.26) | (41.21) |
| Total return | **86.15** | **(24.60)** | **(41.03)** |

| | Six months ended 30 September 2009 £'000 | Six months ended 30 September 2008 £'000 | Year ended 31 March 2009 £'000 |
|---|---|---|---|
| Revenue return total | 148 | 312 | 85 |
| Capital return total | 39,892 | (11,863) | (19,220) |
| Total return | **40,040** | **(11,551)** | **(19,135)** |
| Weighted average number of Ordinary shares in issue | **46,475,033** | **46,968,973** | **46,640,119** |

**Diluted**

| | Six months ended 30 September 2009 p | Six months ended 30 September 2008 p | Year ended 31 March 2009 p |
|---|---|---|---|
| Revenue return per share | 0.29 | 0.62 | 0.17 |
| Capital return per share | 78.92 | (23.49) | (39.18) |
| Total return | **79.21** | **(22.87)** | **(39.01)** |

| | Six months ended 30 September 2009 £'000 | Six months ended 30 September 2008 £'000 | Year ended 31 March 2009 £'000 |
|---|---|---|---|
| Revenue return total | 148 | 312 | 85 |
| Capital return total | 39,892 | (11,863) | (19,220) |
| Total return | **40,040** | **(11,551)** | **(19,135)** |
| Weighted average number of Ordinary shares in issue | **50,549,570** | **50,511,165** | **49,057,637** |

**6. Dividends on equity shares**

No interim dividend has been declared in respect of either the six months ended 30 September 2009 or 30 September 2008. During the year ended 31 March 2009, the subsidiary company paid dividends of £135,000 to the parent company, and the net amount due to the parent company at the year end was £nil.

**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/(losses) on investments in the Group Income Statement. The total costs were as follows:

| | Six months ended 30 September 2009 £'000 | Six months ended 30 September 2008 £'000 | Year ended 31 March 2009 £'000 |
|---|---|---|---|
| Purchases | 22 | 17 | 40 |
| Sales | 19 | 30 | 51 |
| | **41** | **47** | **91** |

**8. Capital reserve**

The capital reserve reflected in the Group Balance Sheet at 30 September 2009 includes gains of £49,320,000 (30 September 2008 – gains of £12,726,000; 31 March 2009 – gains of £11,700,000) which relate to the revaluation of investments held at the reporting date.

**9. Net asset value per Ordinary share**

The basic net asset value per Ordinary share is based on a net asset value of £104,338,000 (30 September 2008 – £71,237,000; 31 March 2009 – £63,653,000) and on 46,954,143 (30 September 2008 and 31 March 2009 – 46,309,458) Ordinary shares, being the number of Ordinary shares in issue at the period end.

The diluted net asset value per Ordinary share has been calculated by reference to 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 12,115,997 Warrants as at 30 September 2009 (30 September 2008 and 31 March 2009 – 12,760,682), were exercised on the first day of the financial period at 100p per share, giving a total of 59,070,140 Ordinary shares (30 September 2008 and 31 March 2009 – 59,070,140).

**10.** The financial information contained in this Interim Report does not constitute statutory accounts as defined in Sections 434 – 436 of the Companies Act 2006. The financial information for the six months ended 30 September 2009 and 30 September 2008 has not been audited.

The information for the year ended 31 March 2009 has been extracted from the latest published audited financial statements which have been filed with the Registrar of Companies. The report of the auditors on those accounts contained no qualification or statement under Section 237 (2) or (3) of the Companies Act 1985.

**11.** This Interim Report was approved by the Board on 25 November 2009.

# How to Invest in New India Investment Trust PLC

## Direct

Investors can buy and sell shares 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.

## Aberdeen's Investment Plan for Children

Aberdeen Asset Managers ("AAM") runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including New India Investment Trust PLC. 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 New India Investment Trust PLC 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 £7,200 in New India Investment Trust PLC can be made through Aberdeen's Stocks and Shares ISA in the tax year 2009/2010 and up to £10,200 in the tax year 2010/2011.

For the 2009/2010 tax year, an additional £3,000 may be invested in an ISA provided that the ISA holder is aged 50 years or over no later than 5 April 2010.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can, on some occasions, be a significant amount. Investors only pay Government Stamp Duty (currently 0.5%) on purchases. 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 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.

## Trust Information

If investors would like details of or information on the Children's Plan, Share Plan, ISA or ISA Transfers please telephone 0500 00 00 40 or write to Aberdeen Investment Trusts, Block C, Western House, Lynchwood Business Park, Peterborough PE2 6BP or e-mail at inv.trusts@aberdeen-asset.com. Details are also available on www.invtrusts.co.uk

## Keeping You Informed

The Company's share price appears under the heading 'Investment Companies' in the Financial Times.

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.newindia-trust.co.uk) and the TrustNet website (www.trustnet.co.uk). Alternatively you can call 0500 00 00 40 for trust information.

# How to Invest in New India Investment Trust PLC continued

For information concerning your shareholding, please contact:

**Registrar**
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Telephone: 0870 707 1153
(Calls to the above number are charged at 8 pence per minute from a BT landline. Other telephony providers' costs may vary.)

www.investorcentre.co.uk

**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
Block C, Western House
Lynchwood Business Park
Peterborough, PE2 6BP
Telephone: 0500 00 00 40

The above information has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 by Aberdeen Asset Management Limited which is authorised and regulated by the Financial Services Authority.

## Risk

As the market value of the listed shares and warrants in investment companies is determined by demand and supply in the stock market for those shares, the respective market values of the shares and warrants can fluctuate and may not always reflect their respective underlying net asset values. It should be remembered that the respective prices of the shares and warrants and the income from the shares can go down as well as up, and investors may not realise the value of their initial investment. Quoted market prices of the Company's shares are normally approximate and you may not be able to buy or sell your shares at precisely the quoted price.

Investment in the shares and/or warrants may be relatively illiquid. There may be a limited number of shareholders and/or warrantholders and/or market makers and this fact may contribute to infrequent trading on the London Stock Exchange and volatile price movements. In the event of the winding-up of the Company prior to the exercise of subscription rights conferred by the Warrants, warrantholders may receive a payment out of the assets which would otherwise be available for distribution amongst Ordinary shareholders in order to compensate warrantholders for their loss of time value.

The Group's investments are subject to normal market fluctuations and the risks inherent in the purchase, holding or selling of equity securities and related instruments, and there can be no assurance that appreciation will occur. There can be no guarantee that the full value of the Group's investments will be realisable in the event of a sale.

## Emerging Market Risks

Investment in Indian equities or those of companies that derive significant revenue or profit solely from India involves a greater degree of risk than that usually associated with investment in the securities in major securities markets or a range of emerging markets. The securities that the Group owns may be considered speculative because of this higher degree of risk. Risks include:

- Expropriation, confiscation, taxation, nationalisation and social, political and economic instability;
- Certain national policies which may restrict the investment opportunities available in respect of a fund, including restrictions on investing in issuers or industries deemed sensitive to national interests;
- The absence of developed legal structures governing private or foreign investment and private property;
- Currency fluctuations, greater market volatility and high interest rates;
- Changes in taxation laws and/or rates which may affect the value of the Group's investments; and
- Changes in government which may have an adverse effect on economic reform.

# Corporate Information

**Directors**
William Salomon, Chairman
Sarah Bates, Audit & Management Engagement Committee Chairman
Professor Victor Bulmer-Thomas
Ambassador Andrés Rozental
Audley Twiston-Davies

**Manager**
Aberdeen Asset Management Asia Limited
21 Church Street
#01-01 Capital Square Two
Singapore 049480

**Secretaries & Registered Office**
Aberdeen Asset Management PLC
Bow Bells House
One Bread Street
London EC4M 9HH

Company Registration Number: 2902424

**Website**
www.newindia-trust.co.uk

**Registrar**
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ

Telephone: 0870 707 1153
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www.investorcentre.co.uk

**Stockbrokers**
Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dowgate Hill
London EC4R 2GA

**Independent Auditors**
Ernst & Young LLP
1 More London Place
London SE1 2AF

Aberdeen