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Aberdeen Asian Income Fund Limited

Half-Yearly Report
30 June 2010

Aberdeen

Contents

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 and Financial Calendar

Financial Highlights

	30 June 2010	31 December 2009	% change
Total assets[A] (£'000)	**180,651**	164,956	
Total equity shareholders' funds (£'000)	**169,243**	154,398	+9.6
Share price (mid-market)	**148.75**	136.50	+9.0
Net asset value per share (basic)	**150.97**	140.63	+7.4
Net asset value per share (diluted)	**145.92**	137.19	+6.4
MSCI AC Asia Pacific (ex Japan) Index (currency adjusted, capital gains basis)	**–1.0%**[B]	+49.9%[C]	
(Premium)/discount to net asset value (diluted)	**–1.94%**	0.50%	
Interim dividends	**2.50p**	2.00p[D]	

[A] Before deduction of bank loans of £11,408,000 (31 December 2009 – £10,558,000).
[B] Six months ended 30 June 2010.
[C] Year ended 31 December 2009.
[D] Interim dividend in six months ended 30 June 2009.

Performance (total return)

	Six months ended 30 June 2010	Year ended 31 December 2009
Share price	**+12.4%**	+40.1%
Net asset value (diluted)	**+9.7%**	+32.8%
MSCI AC Asia Pacific (ex Japan) Index (currency adjusted)	**+0.5%**	+54.6%

Financial Calendar

August 2010	Announcement of unaudited half yearly results
August 2010	Payment of second interim dividend for year ending 31 December 2010
September 2010	Half Yearly Report posted to shareholders
October 2010	Announcement of Interim Management Statement
November 2010	Payment of third interim dividend for year ending 31 December 2010
February 2011	Payment of fourth interim dividend for year ending 31 December 2010
March 2011	Announcement of annual financial report for the year ending 31 December 2010
April 2011	Annual Report posted to shareholders
May 2011	Annual General Meeting in Jersey
May 2011	Announcement of Interim Management Statement

Interim Board Report

Background

During the six months to 30 June 2010, your Company's net asset value ("NAV") total return (diluted) was +9.7%, while the share price total return was +12.4%. The benchmark MSCI AC Asia Pacific ex-Japan Index, by comparison, returned +0.5%. This good performance relative to the benchmark was attributable to both stock selection and country allocation. On the whole, not only did the Company's investments outperform their respective country benchmarks, but the portfolio was also more heavily weighted towards markets that performed better. The NAV was enhanced marginally by the Company's borrowings, which stood at 6.7% of the Company's NAV at the period end and the share price performance benefited from the shares trading at a premium to diluted NAV of 1.9% at the period end compared with an opening discount of 0.5%.

Overview

Conflicting newsflow buffeted Asian markets, which appeared to be driven more and more by global risk factors rather than their own (strong) fundamentals. Fears over weak economic data emerged from the US, while debt problems in Greece sparked panic selling and worries that European economies may succumb to a new contagion. This was evident as net foreign outflows from Asia breached a decade high in May as confidence in the incipient global recovery wavered.

From a regional perspective, the more export-intensive countries of North Asia, such as China and Korea, underperformed their South and Southeast Asian counterparts. The Company has little or no exposure to China and Korea, largely because of the dearth of suitable high-yielding companies. The Chinese market lagged its regional peers, even though at the macro-economic level the mainland continued to post double-digit growth rates. The mainland's growth spurt drove the rebound in regional exports, benefiting countries, such as Singapore, Korea and Taiwan, which also saw an increase in growth momentum. Less export-oriented economies such as Indonesia and India also posted strong growth numbers, underpinned by domestic demand.

This rapid improvement on the macroeconomic front, however, brought about its own problems. Governments were increasingly under pressure to remove emergency stimulus measures that they had implemented the previous year, cutting back on spending while normalising interest rates. Inflation generated by the pace of recovery was a concern for many central bankers who had to face a trade off between continued growth and rising prices. Many chose the former but central banks in Australia, India, Malaysia and Taiwan raised interest rates, while China and India increased the reserve ratios for lenders. Fresh asset bubbles added to policymakers' headaches, with property markets in Singapore, Hong Kong and China threatening to boil over. Anti-speculation measures were implemented, along with the planned increase in land supply to quell the sharp rise in home prices.

Performance review

The Company aims to achieve both income and capital growth, hence, its greater exposure to Southeast Asian markets where dividend payout ratios tend to be higher. Although markets have undergone extreme upheaval during the last four years, it is worth highlighting that your Company has not only maintained sufficient revenue reserves, but its underlying holdings have weathered the turbulence well. Your Manager's prudent investment approach proved particularly rewarding during the period under review. I am pleased to inform you that performance was very robust in markets such as Thailand, Malaysia and Singapore, where there is an overweight exposure.

By country, the Thai market performed well as the domestic political imbroglio eased. Its resilience was evident as it gained 20% in sterling terms, boosted by local buying. Your Manager is upbeat about Thailand in spite of the political uncertainty because it is a relatively cheap market with well-managed small and medium-sized companies. Among the best performing companies were industrial conglomerate Siam Cement and retailer Siam Makro, which were both buoyed by steady domestic demand. Siam Cement benefited from government investments in civil-engineering projects. Siam Makro, on the other hand, is seeing longer-term expansion opportunities.

The Malaysian market offers a variety of higher yielding stocks, particularly within the financial and consumer sectors. Public Bank, which focuses on lending to small and medium-sized enterprises, and Digi.com were supported by positive earnings, while Pos Malaysia gained from a hike in postal tariffs.

As for Singapore, the island-state posted stunning economic growth, with second-quarter GDP rising by a record 19% year-on-year. This triggered upward revisions to the official full-year growth forecast to 13-15%, outpacing both China and India. What makes the country a compelling investment destination is its rational approach to economic policy. The country boasts some of the best Asian companies, with many of the larger listed companies having an extensive regional scope. A prime example is lender United Overseas Bank, which provides investors with an exposure to the banking sectors in Malaysia, Thailand and Indonesia.

Transactions

In keeping with the Manager's long-term investment time horizon, portfolio activity during the review period was minimal. Significant transactions included the introduction of conservative and well-run Australian supermarket operator Woolworths, and the reinitiating of a position in SP AusNet, a defensive utility with an attractive yield. Against this, your Manager reduced the positions in ANZ and Commonwealth Bank of Australia.

Dividend

On 15 July 2010, your Board declared a second quarterly interim dividend of 1.25p per Ordinary share in respect of the year ending 31 December 2010, which was paid on 15 August 2010 to shareholders on the register on 23 July 2010. The first two quarterly dividends, covering the six months to 30 June 2010, therefore total 2.5p, compared to an interim dividend declared covering the six months to 30 June 2009 of 2.0p.

Investors have been attracted to Asia by strong earnings growth and hopes that this will translate into dividend growth. The recent crisis has seen Asian companies' free cash flows improve, with the net debt-to-equity ratio for Asia ex-Japan forecast to decline to 15.6% in 2010-11, as against the long-term average of 33.1% (source: CLSA). It is also worth mentioning that many of the portfolio's core holdings have maintained a steady dividend payout.

Gearing and Share Issuance

At 30 June 2010 there were Hong Kong and US dollar borrowings amounting to £11.4 million outstanding, representing a gearing level of 6.7% of net assets which overall has been beneficial to net asset value.

During the six months under review your Company's shares have tended to trade 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. Your Board has established guidelines relating to the issue of shares which include such issues being at a premium to NAV and in the six months to 30 June 2010 a total of 2.15 million new Ordinary shares have been issued. Subsequent to the period end a further 1.8 million 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 such issues as and when there is demand from the markets and a premium rating attaching to the shares.

On 11 May 2010 a total of 160,999 new Ordinary shares were issued following the exercise of a like number of Warrants to subscribe for Ordinary shares. Warrantholders 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 14 October 2010. There is a bi-annual right to exercise Warrants up to the final exercise date which will be in May 2013.

Outlook

If Eurozone sovereign risk problems resurface, asset prices may face a new round of correction, along with increased global risk aversion, volatility and financial contagion – the dynamic that dragged the global economy into recession in the first place. In Asia, the growing impetus to normalise monetary conditions to curb rising inflation while at the same time supporting growth is reassuring, although it may limit stockmarket gains in the short term. Nevertheless, any pullback in regional equity markets should be considered healthy but also, and more importantly, a good buying opportunity.

Your Manager remains cautious about China. Leading indicators have worsened: the falling Baltic index for shipping rates, together with declining steel and commodity prices and decelerating manufacturing output, all herald a slowdown in the Chinese economy. On a positive note, a moderation in the mainland's expansion rate may prevent the economy from overheating, while government efforts to lift domestic consumption could also reduce the country's reliance on resource-intensive investments and exports to fuel growth.

Meanwhile, the revaluation of the yuan will likely alter the dynamics of global trade, if only gradually. On that note, Asian currencies have lagged relative to the strength of their economies. The gap between purchasing power parity-based and market exchange rate-based GDP suggests that Asian currencies are undervalued. The low interest rate policies in developed countries have exacerbated the upward pressure on Asian currencies, which could hurt the export competitiveness of most Asian economies. But countries in the region may not depend on the West to the extent that was previously the case, and are increasingly able to find their own sources of both demand and supply.

Thus, Asia's long-term story remains attractive. Yet, in the face of economic decoupling, stockmarkets remain inextricably linked to Western markets, resulting in the question as to when Asian markets might decouple from those in the West?

In spite of these issues, I trust that your Manager's resolute approach of investing in holdings with dependable businesses over the long term should help the portfolio to deliver steady returns over the long term.

I look forward to reporting to you again with the Annual Report for the year to 31 December 2010, which will be issued in April 2011. 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
26 August 2010

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 management policy will achieve its objective.

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 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 interest income and ordinary and special dividends and the level of the 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 other price risk. Further details of these risks are disclosed in the Annual Report for the year ended 31 December 2009 in note 16 to the financial statements. 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.

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 Accounting Standards Board's statement "Half-Yearly Financial Reports" give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and,
- the Interim Board Report includes a fair review of the information required by 4.2.7R and 4.2.8R of the FSA's Disclosure and Transparency Rules.

The 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
26 August 2010

Investment Portfolio

As at 30 June 2010

Company	Country of activity	Valuation £'000	Total assets %
Deutsche Bank AG Indonesian Credit Linked Note[A]	Indonesia	11,874	6.6
Siam Cement	Thailand	9,146	5.1
Taiwan Mobile	Taiwan	9,023	5.0
United Overseas Bank	Singapore	8,309	4.6
British American Tobacco	Malaysia	8,124	4.4
Swire Pacific	Hong Kong	7,747	4.3
Oversea-Chinese Banking Corporation	Singapore	7,736	4.3
Taiwan Semiconductor	Taiwan	7,208	4.0
PTT Exploration & Production	Thailand	6,925	3.8
Guinness Anchor	Malaysia	5,874	3.3
Top ten investments		**81,966**	**45.4**
Singapore Technologies Engineering	Singapore	5,355	3.0
QBE Insurance Group	Australia	5,095	2.8
Digi Com	Malaysia	5,034	2.8
Singapore Telecommunications	Singapore	4,903	2.7
PetroChina	China	4,876	2.7
Australia & New Zealand Banking Group	Australia	4,695	2.6
Commonwealth Bank Of Australia	Australia	4,664	2.6
Telstra	Australia	4,587	2.5
Public Bank	Malaysia	4,582	2.5
Advanced Information Services	Thailand	4,433	2.5
Top twenty investments		**130,190**	**72.1**
Hong Leong Bank	Malaysia	4,163	2.3
Hong Leong Finance	Singapore	4,066	2.2
Siam Makro	Thailand	3,948	2.2
Singapore Post	Singapore	3,904	2.2
Singapore Press Holdings	Singapore	3,891	2.1
Woolworths	Australia	3,485	1.9
Telekomunikasi Indonesia	Indonesia	3,167	1.7
Giordano International	Hong Kong	3,074	1.7
SP AusNet	Australia	2,851	1.6
SBS Transit	Singapore	2,664	1.5
Top thirty investments		**165,403**	**91.5**
Pos Malaysia	Malaysia	2,486	1.4
Hana Microelectronics	Thailand	2,461	1.4
Bank of Philippine Islands	Philippines	2,388	1.3
Telecom Corp of New Zealand	New Zealand	2,351	1.3
Kingmaker Footwear	Hong Kong	884	0.5
Total investments		**175,973**	**97.4**
Net current assets[B]		**4,678**	**2.6**
Total assets		**180,651**	**100.0**

[A] Credit linked note issued by Deutsche Bank AG and linked to the Indonesia Government Bond 10% 15/07/17 as the underlying asset.

[B] Before deduction of bank loans of £11,408,000

Condensed Statement of Comprehensive Income

		Six months ended 30 June 2010 (unaudited)			Six months ended 30 June 2009 (unaudited)			Year ended 31 December 2009 (audited)		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income		3,744	5	3,749	2,722	–	2,722	6,793	–	6,793
Bond interest		512	–	512	395	–	395	864	–	864
Deposit interest		7	–	7	15	–	15	23	–	23
Gains on financial assets at fair value through the profit or loss		–	14,407	14,407	–	2,179	2,179	–	34,151	34,151
Currency (losses)/gains		–	(856)	(856)	–	1,871	1,871	–	1,654	1,654
Total income		4,263	13,556	17,819	3,132	4,050	7,182	7,680	35,805	43,485
Expenses										
Investment management fee		(314)	(470)	(784)	(214)	(321)	(535)	(487)	(730)	(1,217)
Other operating expenses	4	(404)	(35)	(439)	(306)	–	(306)	(614)	–	(614)
Profit before finance costs and taxation		3,545	13,051	16,596	2,612	3,729	6,341	6,579	35,075	41,654
Finance costs		(57)	(86)	(143)	(100)	(150)	(250)	(172)	(259)	(431)
Profit before tax		3,488	12,965	16,453	2,512	3,579	6,091	6,407	34,816	41,223
Tax expense		(143)	–	(143)	(72)	–	(72)	(363)	–	(363)
Profit and total comprehensive income for the period	2	**3,345**	**12,965**	**16,310**	**2,440**	**3,579**	**6,019**	**6,044**	**34,816**	**40,860**
Earnings per Ordinary share (pence):	2									
Basic		**3.02**	**11.70**	**14.72**	**2.25**	**3.29**	**5.54**	**5.54**	**31.93**	**37.47**
Diluted		**2.93**	**11.34**	**14.27**	**2.25**	**3.29**	**5.54**	**5.54**	**31.93**	**37.47**

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

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

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

Condensed Balance Sheet

	Notes	As at 30 June 2010 (unaudited) £'000	As at 30 June 2009 (unaudited) £'000	As at 31 December 2009 (audited) £'000
Non-current assets				
Investments held at fair value through profit or loss		175,973	126,919	160,413
Current assets				
Cash and cash equivalents		5,511	4,075	4,165
Other receivables		845	605	662
		6,356	4,680	4,827
Current liabilities				
Bank loans	7	(11,408)	(10,356)	(10,558)
Other payables		(1,678)	(280)	(284)
		(13,086)	(10,636)	(10,842)
Net current liabilities		(6,730)	(5,956)	(6,015)
Net assets		**169,243**	**120,963**	**154,398**
Share capital and reserves				
Ordinary share capital		112,101	109,190	109,790
Warrant reserve		2,184	2,200	2,200
Capital redemption reserve		1,560	1,560	1,560
Capital reserve		48,414	3,113	34,528
Revenue reserve		4,984	4,900	6,320
Equity shareholders' funds		**169,243**	**120,963**	**154,398**
Net asset value per Ordinary share (pence):	3			
Basic		**150.97**	**110.78**	**140.63**
Diluted		**145.92**	**110.78**	**137.19**

Condensed Statement of Changes in Equity

Six months ended 30 June 2010 (unaudited)

	Share capital £'000	Warrant reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Retained earnings £'000	Total £'000
Opening balance	109,790	2,200	1,560	34,528	6,320	–	154,398
Issue of own shares	2,150	–	–	872	–	–	3,022
Exercise of warrants	161	(16)	–	49	–	–	194
Profit for the period	–	–	–	–	–	16,310	16,310
Transferred from retained earnings to capital reserve[A]	–	–	–	12,965	–	(12,965)	–
Transferred from retained earnings to revenue reserve	–	–	–	–	3,345	(3,345)	–
Dividends paid (note 5)	–	–	–	–	(4,681)	–	(4,681)
Balance at 30 June 2010	**112,101**	**2,184**	**1,560**	**48,414**	**4,984**	**–**	**169,243**

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Six months ended 30 June 2009 (unaudited)

	Share capital £'000	Warrant reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Retained earnings £'000	Total £'000
Opening balance	108,440	2,200	1,560	(513)	5,442	–	117,129
Issue of own shares	750	–	–	47	–	–	797
Profit for the period	–	–	–	–	–	6,019	6,019
Transferred from retained earnings to capital reserve[A]	–	–	–	3,579	–	(3,579)	–
Transferred from retained earnings to revenue reserve	–	–	–	–	2,440	(2,440)	–
Dividends paid (note 5)	–	–	–	–	(2,982)	–	(2,982)
Balance at 30 June 2009	**109,190**	**2,200**	**1,560**	**3,113**	**4,900**	**–**	**120,963**

Year ended 31 December 2009 (audited)

	Share capital £'000	Warrant reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Retained earnings £'000	Total £'000
Opening balance	108,440	2,200	1,560	(513)	5,442	–	117,129
Issue of own shares	1,350	–	–	225	–	–	1,575
Profit for the year	–	–	–	–	–	40,860	40,860
Transferred from retained earnings to capital reserve[A]	–	–	–	34,816	–	(34,816)	–
Transferred from retained earnings to revenue reserve	–	–	–	–	6,044	(6,044)	–
Dividends paid (note 5)	–	–	–	–	(5,166)	–	(5,166)
Balance at 31 December 2009	**109,790**	**2,200**	**1,560**	**34,528**	**6,320**	**–**	**154,398**

[A] Represents the capital profit 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 2010 (unaudited) £'000	Six months ended 30 June 2009 (unaudited) £'000	Year ended 31 December 2009 (audited) £'000
Operating activities			
Profit for the period	16,310	6,019	40,860
Add back finance costs payable	143	250	431
Add back taxation paid	143	72	363
Gains on investments held at fair value through the profit or loss	(14,407)	(2,179)	(34,151)
Net currency losses/(gains)	856	(1,871)	(1,654)
(Increase)/decrease in other receivables	(183)	179	11
Decrease in other payables	(7)	(33)	(47)
Net cash inflow from operating activities before finance costs and taxation	2,855	2,437	5,813
Finance costs paid	(162)	(253)	(416)
Overseas taxation paid	(143)	(72)	(363)
Net cash inflow from operating activities	2,550	2,112	5,034
Investing activities			
Purchases of investments	(6,140)	(1,812)	(3,334)
Sales of investments	6,406	4,562	4,562
Net cash inflow from investing activities	266	2,750	1,228
Financing activities			
Issue of own shares	3,022	686	1,575
Exercise of warrants	194	–	–
Dividends paid	(4,681)	(2,982)	(5,166)
Loans drawn down	42	24,043	–
Loans repaid	–	(27,520)	(3,487)
Net cash outflow from financing activities	(1,423)	(5,773)	(7,078)
Net increase/(decrease) in cash and cash equivalents	**1,393**	**(911)**	**(816)**
Analysis of changes in cash during the period			
Opening balance	4,165	4,968	4,968
Increase/(decrease) in cash above	1,393	(911)	(816)
Effect of foreign currency exchange rate changes	(47)	18	13
Cash and cash equivalents at the end of the period	**5,511**	**4,075**	**4,165**

Notes to the Accounts

1. Accounting policies

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

2. Return per Ordinary share	**Six months ended 30 June 2010 (unaudited) p**	**Six months ended 30 June 2009 (unaudited) p**	**Year ended 31 December 2009 (audited) p**
Basic			
Revenue return	3.02	2.25	5.54
Capital return	11.70	3.29	31.93
Total return	**14.72**	**5.54**	**37.47**

The figures above are based on the following:

	£'000	**£'000**	**£'000**
Revenue return	3,345	2,440	6,044
Capital return	12,965	3,579	34,816
Total return	**16,310**	**6,019**	**40,860**
Weighted average number of Ordinary shares in issue	**110,816,795**	**108,669,282**	**109,030,411**

Diluted	**p**	**p**	**p**
Revenue return	2.93	2.25	5.54
Capital return	11.34	3.29	31.93
Total return	**14.27**	**5.54**	**37.47**
Number of dilutive shares	**3,518,415**	**–**	**–**
Diluted shares in issue	**114,335,210**	**108,669,282**	**109,030,411**

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 3,518,415 to 114,335,210 Ordinary shares. As a result, at 30 June 2009 and 31 December 2009, Warrants that could potentially dilute the earnings per share in the future, are not included in the calculations of the diluted earnings per share because they are anti-dilutive for these periods.

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:

Basic	As at 30 June 2010	As at 30 June 2009	As at 31 December 2009
Attributable net assets (£'000)	169,243	120,963	154,398
Number of Ordinary shares in issue	112,100,999	109,190,000	109,790,000
Net asset value per Ordinary share (p)	150.97	110.78	140.63
Diluted			
Attributable net assets (£'000)	195,450	–	180,798
Number of Ordinary shares if Warrants converted	133,940,000	–	131,790,000
Net asset value per Ordinary share (p)	145.92	110.78	137.19

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 21,839,001 Warrants as at 30 June 2010 (30 June 2009 and 31 December 2009 – 22,000,000) were exercised on the first day of the financial year at 120p per share, giving a total of 133,940,000 Ordinary shares (30 June 2009 – 131,190,000; 31 December 2009 – 131,790,000).

The diluted net asset value as at 30 June 2009 has not been shown as the calculation would result in an anti-dilutive effect.

4. Other operating expenses	Six months ended 30 June 2010 £'000	Six months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
Directors' fees	58	58	115
Secretarial and administration fees	56	54	110
Marketing contribution	57	56	93
Auditors' remuneration	6	6	28
Custodian charges	77	51	119
Other	150	81	149
	404	**306**	**614**

5. Dividends on equity shares	Six months ended 30 June 2010 £'000	Six months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
Amounts recognised as distributions to equity holders in the period:			
Second interim dividend for 2009 – 3.0p (2008 – 2.75p)	3,294	2,982	2,982
First interim dividend for 2010 – 1.25p (2009 – 2.0p)	1,387	–	2,184
	4,681	**2,982**	**5,166**

During the current financial year the Company has commenced paying quarterly dividends. A second interim dividend of 1.25p for the year to 31 December 2010 was paid on 15 August 2010 to shareholders on the register on 23 July 2010. The ex-dividend date was 21 July 2010.

6. **Transaction costs**

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

	Six months ended 30 June 2010 £'000	Six months ended 30 June 2009 £'000	Year ended 31 December 2009 £'000
Sales	24	11	13
Purchases	17	3	8
	41	**14**	**21**

7. **Bank loan**

On 31 March 2010 the Company's bank facility with Barclays Bank was repaid and replaced with a new £15 million twelve month revolving multi currency facility with Scotiabank Europe plc. US$ 6,500,000 and HKD 81,800,000 have been drawn down under the facility fixed to 31 August 2010 at 1.58% and 1.54% respectively.

8. **Related party transactions**

Mr H Young is a director of Aberdeen Asset Management Asia Limited ('AAM Asia'), which is a subsidiary of Aberdeen Asset Management PLC ('AAM'). Aberdeen Private Wealth Management Limited ('APWM') 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 £784,000 (30 June 2009 – £535,000; 31 December 2009 – £1,217,000) of management fees were paid and payable, with a balance of £137,000 (30 June 2009 – £192,000; 31 December 2009 – £124,000) being payable to AAM Asia at the period end.

The company secretarial and administration fee is based on an annual amount of £112,000, increased annually in line with any increases in RPI, payable quarterly in arrears. During the period £56,000 (30 June 2009 – £54,000; 31 December 2009 – £110,000) of fees were paid and payable, with a balance of £29,000 (30 June 2009 – £27,000; 31 December 2009 – £28,000) being payable to APWM at the period end.

9. **Half-Yearly Financial Report**

The financial information for the six months ended 30 June 2010 and 30 June 2009 have not been audited.

The auditors have reviewed the financial information for the six months ended 30 June 2010 pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information. The report of the auditors is on page 14.

10. This Half-Yearly Financial Report was approved by the Board on 26 August 2010.

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 2010 which comprises the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related explanatory notes 1 to 10. 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 ISRE 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 2010 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
26 August 2010

How to Invest in Aberdeen Asian Income Fund Limited

Direct

Investors can buy and sell shares in Aberdeen Asian Income Fund Limited (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 (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 £10,200 in the Company in the tax year 2010/2011.

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

ISA Transfer

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

Note

Please remember that past performance is not a guide to the future. 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). You can also call 0500 00 00 40 for information.

Literature Request Service

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

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

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

Aberdeen Investment Trust Administration
Block C, Western House
Lynchwood Business Park
Peterborough, PE2 6BP
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
Martyn Chambers
Dr Ana Cukic Armstrong
Hugh Young

Manager

Aberdeen Private Wealth Management Limited
No.1 Seaton Place
St Helier
Jersey JE4 8YJ

Investment Manager

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

Secretaries and Registered Office

Aberdeen Private Wealth Management Limited
No.1 Seaton Place
St Helier
Jersey JE4 8YJ
Registered in Jersey with number 91671

Registrars

Capita IRG (Offshore) Limited
Victoria Chambers
Liberation Square
1/3 Esplanade
St Helier
Jersey JE2 3QA

Tel: 0871 664 0300
(calls cost 10p a minute plus network extras,
lines are open 8.30am-5.30pm Mon-Fri)
Tel International: (+44 208 639 3399)

e-mail ssd@capitaregistrars.com
website www.capitaregistrars.com

Sponsor

Canaccord Genuity Limited
7th Floor, Cardinal Place
80 Victoria Place
London SW1E 5JL

Bankers

Scotiabank Europe plc
Scotia House
33 Finsbury Square
London EC2A 1BB

Solicitors

Maclay Murray & Spens
One London Wall
London EC2Y 5AB

Jersey Lawyers

Applebys
PO Box 207
13-14 Esplanade
St Helier
Jersey JE1 1BD

Auditors

Ernst & Young LLP
Liberation House
Castle Street
St Helier
Jersey JE1 1EY

Website

www.asian-income.co.uk

Aberdeen