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Aberdeen Asian Income Fund Limited

Half Yearly Report
Six months to 30 June 2008



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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 2008	31 December 2007	% Change
Total assets ^A (£'000)	140,085	149,851	-6.5
Total equity Shareholders' funds (£'000)	125,071	134,841	-7.2
Share price (mid-market)	108.25p	110.00p	-1.6
Net asset value per share (basic)	114.98p	123.48p	-6.9
Discount to net asset value ^B	5.9%	10.5%	

^A Before deduction of bank loans of £15,014,000 (31 December 2007 – £15,010,000).

^B At 30 June 2008 based on basic net asset value (31 December 2007 – diluted).

Performance (total return)

	Six months ended 30 June 2008	Year ended 31 December 2007
Share price	+0.9%	+2.7%
Net asset value (diluted)	-4.2%	+13.9%
MSCI AC Asia Pacific (ex Japan) Index (currency adjusted)	-17.6%	+34.9%

Financial Calendar

21 August 2008	Announcement of unaudited half yearly results
28 August 2008	Payment of first interim dividend for year ending 31 December 2008
September 2008	Half Yearly Report posted to Shareholders
October 2008	Announcement of Interim Management Statement
February 2009	Payment of second interim dividend for year ending 31 December 2008
March 2009	Announcement of unaudited annual financial report for the year ending 31 December 2008
March 2009	Annual Report posted to Shareholders
April 2009	Annual General Meeting in Jersey
April 2009	Announcement of Interim Management Statement

Interim Board Report

Background

During the six months to 30 June 2008, your Company's share price fell 1.6% from 110.00p to 108.25p and the net asset value fell 6.9% from 123.48p to 114.98p. This compares with a fall in the MSCI AC Asia Pacific ex-Japan Index, of 17.6%. The discount to NAV narrowed from 10.5% to 5.9%.

In what was an exceptionally difficult period for Asian stock markets, the Company's resilience reflects both the Manager's approach, which looks for high quality companies with easy-to-understand businesses, together with a refocusing of investor attention on stocks with higher yields in the face of rising inflation. The period under review was in many ways the converse of 2007, in which markets had seen stocks pushed up by strong liquidity flows rather than fundamental value.

Your Manager expects the flight to quality seen over the period to continue for some time, as rising commodity prices and falling growth in developed markets (largely resulting from problems in housing markets) precipitate problems in poorer quality companies across the region.

Overview

After five years of strong gains, Asian equities fell sharply in the first half of 2008 as escalating problems in credit markets, rising inflation and a slowing global economy weighed on sentiment. The former high-flying markets India and China, which had run up very strongly in 2007, were the biggest losers during the period. Although April saw markets rebound on expectations that the worst of the credit crisis was over and some better-than-expected US corporate earnings results, the reality of a bleak economic outlook in developed economies, along with rising inflation in Asia, soon returned, putting paid to the rally.

The major cause of deteriorating sentiment was inflation, which accelerated across the region, hitting multi-year highs in several countries. This inflation was driven by rising fuel and food prices, to which Asian economies are more sensitive as these items account for a greater proportion of household expenditure. Policy responses from central banks varied, with Australia, Korea, Indonesia, India, Taiwan and the Philippines raising interest rates. Reserve requirements were raised in China, India and Taiwan, while Singapore allowed its currency to appreciate to counter imported inflation. Although governments in China, India, Indonesia, Malaysia and Taiwan raised fuel prices, they remain heavily subsidised, causing continued demand distortion. The fuel-price hikes also sparked widespread street protests in Malaysia and Indonesia, increasing political tensions. Despite increasing uncertainties, GDP growth held up surprisingly well across the region, with supporters of the

decoupling theory arguing that this was clear evidence that Asian economies were no longer dependent on developed countries. More likely, there is a lag between slowing growth in developed economies and the impact on Asian exporting countries which will only be seen towards the end of the year. The only two countries which saw marked falls in GDP growth were Singapore and Korea, countries which are still highly dependent on demand from the west.

Performance review

Stock selection was particularly strong in Hong Kong, Malaysia, Singapore, Taiwan and Thailand. Many of the Company's holdings are defensive businesses, with high dividend yields reflecting high payout ratios. These were the stocks that performed well in relative terms and, in some cases, in absolute terms.

Hong Kong utility CLP Holdings rose 28% over the six months, as the company was boosted by favourable changes in the new agreements to the government's scheme of control, which regulates its earnings. This removed uncertainty that had been hanging over the stock. The strong relative performance of shoe manufacturer Kingmaker, on the other hand, was more technical in nature, rebounding after poor performance in 2007.

In Malaysia, British American Tobacco (Malaysia) rose 10%. The company has very strong free cash flow and a dividend yield of more than 7%. The company's management is extremely able, and has overcome challenges to its business such as smuggled cigarettes from Indonesia and sporadic changes to excise tax.

In Singapore, the Company's holdings in Oversea-Chinese Banking Corporation (OCBC) and Singapore Post performed well, rising 5.4% and 4.5% respectively. OCBC is very conservatively managed and its balance sheet has minimal exposure to the subprime market. Singapore Post, the former post office, is another defensive business, which yields nearly 6%.

Your Company's three holdings in Taiwan bucked the trend and showed decent increases in their share prices. Fubon Financial rose by 14.5% as the warming of cross-strait relations following the presidential election was perceived as being positive for Taiwan's banking sector. Indeed, Fubon's Hong Kong arm announced in June that it would buy a 20% stake in mainland Xiamen Commercial Bank, a move that was welcomed by shareholders. Taiwan Mobile, another defensive play, rose by 9.2% while Taiwan Semiconductor Manufacturing's high yield and payout also attracted interest in its shares, which rose 11.5%.

In Thailand, your Company's holding in PTT Exploration and Production showed strong performance, rising 6.9%. This was

attributable to the rise in the price of crude oil, which accounts for half the company's revenues, and the fact that it is able to sell to the domestic market at international, rather than controlled, prices.

Australia was the only country where stock selection was a drag on performance. Neither ANZ Banking Group nor Commonwealth Bank of Australia could escape the global financial crisis, falling 22.9% and 23.4% respectively. Tabcorp, on the other hand, fell by 24.6% as the early implementation of legislation will result in an effective end to the company's gaming duopoly much sooner than had been expected. Tabcorp has been a particularly disappointing investment but your Manager does not believe it would be right to take any action until there is further clarification of the new laws and it is known what recourse, if any, the company may have. The Company's lack of exposure to resource companies also detracted from performance during the period.

On the asset allocation front, the above benchmark positions in Singapore and Thailand and below benchmark positions in China and India contributed positively to relative performance. Singapore's defensive qualities shone through in what was a very difficult period while Thailand, having seen foreign investors exit the country last year, was perceived as something of a recovery play. The Company is likely to remain un-invested in India until your Manager can find companies with decent dividend yields and acceptable payout ratios.

China is still one of the most exciting growth stories in Asia from a top-down perspective. However, corporate transparency tends to be poor and easy access to capital and financing has resulted in poor management disciplines. The quality of companies has been found wanting, and even after the recent market correction, valuations are not yet sufficiently attractive. Your Manager's preference is to gain exposure to China via Hong Kong-listed companies doing business on the mainland.

The underweight position in Australia contributed negatively to relative performance. As mentioned previously, your Company does not have exposure to the resource sector but the market as a whole also proved defensive, falling only 7.6% during the period.

Turning to portfolio activity, the only notable changes over the period were the disposals of Malaysia's Maybank and Taiwan's Sinopac Financial Holdings, and the introduction of Australia's largest general insurer, QBE as its yield had become attractive after the recent sell-down. The insurer's management has an excellent track record in controlling risk and takes a conservative approach towards its business and balance sheet.

Other activity included the topping up of Singapore companies Hong Leong Finance, Oversea-Chinese Banking Corporation, SBS Transit and United Overseas Bank.

Share Buy-backs, Dividends and Gearing

Your Company has an active discount management policy which is managed through the use of share buy-backs with the aim of maintaining the price of the Ordinary shares at a discount of no more than 5% to the underlying NAV. During the period, a total of 420,000 Ordinary shares were purchased in the market and cancelled at discounts in excess of 5%. The Board has absolute discretion to make purchases of Ordinary shares for cancellation, subject to the Listing Rules and Jersey law, and the Directors will consider the merits of making further purchases of Ordinary shares subject to the volatility of the markets, if and when any suitable opportunities arise in the future. At the time of writing, the Ordinary share discount to net asset value has tightened to under 6%.

On 16 July 2008, the Board declared a first interim dividend of 2.0p per Ordinary share in respect of the year ending 31 December 2008 (2007 2.0p), which is payable on 28 August 2008 to shareholders on the register on 25 July 2008. A second interim dividend will be announced in January 2009 and payable in February 2009.

The Company has retained short-term gearing throughout the period, with borrowings of HKD 137.7 million and USD 12.2 million (GBP 15.0 million in total) representing a gearing level of 12.0% of net assets at the period end. The Board is responsible for establishing and implementing the Company's gearing strategy, and will continue to have a close regard to the level of gearing in the context of the current volatility in stockmarkets, detailed above.

Outlook

As a result of rising inflation and slowing growth, the equity landscape in Asia has turned increasingly challenging. Although the region has largely been spared the direct impact of the credit crisis, its indirect effects on economies, and companies, are likely to become increasingly evident.

Governments in Asia have cut economic growth estimates as export demand wanes in the face of more pronounced slowdowns in Western countries. As the growth outlook weakens, there is scope for pump-priming to shore up consumer and investment sentiment, given the strong fiscal and trade balances built up by regional governments in recent years. But such moves, expansionary in nature, would increase risks on another front, namely inflation.

Price pressures, caused mainly by a spike in food and commodity costs, continue to rise rapidly in the region.

Consequently, inflation has become the number one policy challenge, especially in the poorer parts of Asia where food and fuel constitute a much higher proportion of disposable income. Political risks have risen too, as the strain of rising prices feeds a growing discontent. At this stage, central bank policy has not appeared to have tightened enough, while government moves to trim fuel subsidies will increase price pressures in the short term.

Accelerating inflation has also triggered downward revisions to corporate earnings. Margins are being squeezed, although some companies have been able to pass on rising input costs to consumers. The second half of 2008 may see further deterioration, with earnings growth falling to single digits, as the export slowdown gathers pace and the spending power of consumers is eroded by higher costs.

Against such a backdrop, market sentiment is likely to remain volatile for some time to come. This should provide your Manager with opportunities to add to the existing holdings or buy into companies at attractive levels, although markets are not at "bargain-basement" levels yet. Such market conditions also accentuate the sound investing approach of your Manager, with its focus on fundamental factors such as management quality and balance sheet strength, which has given the portfolio a defensiveness that has stood it in good stead, and which is also likely to ensure satisfactory returns over the long term.

I look forward to reporting to you again with the Annual Report for the year to 31 December 2008, which will be issued in March 2009. In the meantime, Shareholders can find regular updates from your Manager, and copies of all Stock Exchange announcements on the 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

21 August 2008

Principal Risks and Uncertainties

An investment in the Company's Ordinary shares and/or Warrants is only suitable for investors capable of evaluating the risks (including the potential risk of capital loss) and merits of such investment and who have sufficient resources to bear any loss which may result from such investment. Furthermore, an investment in the Ordinary shares and/or Warrants should constitute part of a diversified investment portfolio. The principal risks and uncertainties faced by the Company during the period and which apply for the next six month period are considered by the Directors to be material to shareholders and potential investors in the Company. Greater detail on these risks is provided in the Annual Report and Accounts for the year ended 31 December 2007.

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. A proportion of the Company's income is derived from special dividends and the level of special 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.

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. Other risks associated with investment in Asia include the risk of social, political and economic instability which may lead to price volatility.

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
21 August 2008

Investment Portfolio

As at 30 June 2008

Company	Country of activity	Valuation £'000	Total assets %
PTT Exploration & Production	Thailand	6,747	4.8
Deutsche Bank AG Indonesia FRN 22/07/2017 CLN USD	Indonesia	6,619	4.7
CLP Holdings	Hong Kong	6,439	4.6
Taiwan Mobile	Taiwan	6,174	4.4
Public Bank	Malaysia	6,136	4.4
British American Tobacco	Malaysia	6,090	4.4
Taiwan Semiconductor	Taiwan	6,082	4.3
Telstra	Australia	5,111	3.7
Fubon Financial	Taiwan	5,046	3.6
Siam Cement	Thailand	4,910	3.5
Top ten investments		59,354	42.4
United Overseas Bank	Singapore	4,889	3.5
Oversea-Chinese Banking	Singapore	4,683	3.3
Singapore Telecommunications	Singapore	4,525	3.2
Commonwealth Bank Of Australia	Australia	4,356	3.1
Singapore Press	Singapore	3,772	2.7
Hong Leong Finance	Singapore	3,657	2.6
QBE Insurance Group	Australia	3,650	2.6
Advanced Information Services	Thailand	3,433	2.5
Singapore Technologies Engineering	Singapore	3,426	2.4
Swire Pacific	Hong Kong	3,207	2.3
Top twenty investments		98,952	70.6
Australia & New Zealand Bank Group	Australia	3,156	2.3
Telecom Corp Of New Zealand	New Zealand	2,979	2.1
Guinness Anchor	Malaysia	2,959	2.1
Tabcorp Holdings	Australia	2,694	1.9
Singapore Post	Singapore	2,685	1.9
Unilever Indonesia	Indonesia	2,682	1.9
Petrochina	China	2,468	1.8
Siam Makro	Thailand	2,379	1.7
SBS Transit	Singapore	2,370	1.7
SP Ausnet	Australia	2,333	1.7
Top thirty investments		125,657	89.7
Digi.Com	Malaysia	2,205	1.6
Hong Leong Bank	Malaysia	2,096	1.5
Giordano International	Hong Kong	1,850	1.3
Telekomunikasi Indonesia	Indonesia	1,428	1.0
Bank Of Philippine Islands	Philippines	1,427	1.0
POS Malaysia	Malaysia	1,359	1.0
Hana Microelectronic	Thailand	1,238	0.9
Kingmaker Footwear	Hong Kong	521	0.4
Total investments		137,781	98.4
Net current assets ^A		2,304	1.6
Total assets		140,085	100.0

^A Before deduction of bank loans of £15,014,000.

Income Statement

	Notes	Six months ended 30 June 2008 (unaudited)			Six months ended 30 June 2007 (unaudited)			Year ended 31 December 2007 (audited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income										
Dividend income		2,783	–	2,783	3,123	–	3,123	6,622	–	6,622
Bond interest		379	–	379	415	–	415	773	–	773
Deposit interest		46	–	46	15	–	15	60	–	60
Total revenue		3,208	–	3,208	3,553	–	3,553	7,455	–	7,455
(Losses)/gains on financial assets at fair value through the profit or loss		–	(8,270)	(8,270)	–	7,682	7,682	–	12,186	12,186
Currency gains		–	33	33	–	452	452	–	365	365
		3,208	(8,237)	(5,029)	3,553	8,134	11,687	7,455	12,551	20,006
Expenses										
Investment management fee		(259)	(388)	(647)	(247)	(371)	(618)	(505)	(757)	(1,262)
Other operating expenses	4	(329)	–	(329)	(301)	–	(301)	(622)	–	(622)
Profit/(loss) before finance costs and tax		2,620	(8,625)	(6,005)	3,005	7,763	10,768	6,328	11,794	18,122
Finance costs		(129)	(175)	(304)	(168)	(253)	(421)	(339)	(508)	(847)
Profit/(loss) for the period attributable to equity Shareholders		2,491	(8,800)	(6,309)	2,837	7,510	10,347	5,989	11,286	17,275
Earnings per Ordinary share (pence):										
Basic and diluted	2	2.29	(8.09)	(5.80)	2.58	6.83	9.41	5.45	10.27	15.72

The total columns of this statement represent the Income Statement of the Company, 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.

Balance Sheet

	Notes	As at 30 June 2008 (unaudited) £'000	As at 30 June 2007 (unaudited) £'000	As at 31 December 2007 (audited) £'000
Non-current assets				
Investments held at fair value through profit or loss		137,781	142,809	146,686
Current assets				
Cash and cash equivalents		2,122	2,926	3,243
Other receivables		609	531	706
		2,731	3,457	3,949
Current liabilities				
Bank loans		(15,014)	(14,869)	(15,010)
Other payables		(427)	(431)	(784)
		(15,441)	(15,300)	(15,794)
Net current liabilities		(12,710)	(11,843)	(11,845)
Net assets		125,071	130,966	134,841
Capital and reserves				
Ordinary share capital		108,780	110,000	109,200
Warrant reserve		2,200	2,200	2,200
Capital redemption reserve		1,220	–	800
Capital reserve		8,949	15,296	18,215
Revenue reserve		3,922	3,470	4,426
Equity Shareholders' funds		125,071	130,966	134,841
Net asset value per Ordinary share (pence):				
	3			
Basic		114.98	119.06	123.48
Diluted		114.98	119.06	122.90

Statement of Changes in Equity

Six months ended 30 June 2008 (unaudited)

	Share capital £'000	Warrant reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Retained earnings £'000	Total £'000
Opening balance	109,200	2,200	800	18,215	4,426	–	134,841
Purchase of own shares	(420)	–	420	(466)	–	–	(466)
Loss for the period	–	–	–	–	–	(6,309)	(6,309)
Transferred from retained earnings to capital reserve ^A	–	–	–	(8,800)	–	8,800	–
Transferred from retained earnings to revenue reserve	–	–	–	–	2,491	(2,491)	–
Dividends paid	–	–	–	–	(2,995)	–	(2,995)
Balance at 30 June 2008	108,780	2,200	1,220	8,949	3,922	–	125,071

Six months ended 30 June 2007 (unaudited)

	Share capital £'000	Warrant reserve £'000	Capital reserve £'000	Revenue reserve £'000	Retained earnings £'000	Total £'000
Opening balance	110,000	2,200	7,786	3,383	–	123,369
Profit for the period	–	–	–	–	10,347	10,347
Transferred from retained earnings to capital reserve ^A	–	–	7,510	–	(7,510)	–
Transferred from retained earnings to revenue reserve	–	–	–	2,837	(2,837)	–
Dividends paid	–	–	–	(2,750)	–	(2,750)
Balance at 30 June 2007	110,000	2,200	15,296	3,470	–	130,966

Year ended 31 December 2007 (audited)

	Share capital £'000	Warrant reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Revenue reserve £'000	Retained earnings £'000	Total £'000
Opening balance	110,000	2,200	–	7,786	3,383	–	123,369
Purchase of shares	(800)	–	800	(857)	–	–	(857)
Profit for the year	–	–	–	–	–	17,275	17,275
Transferred from retained earnings to capital reserve ^A	–	–	–	11,286	–	(11,286)	–
Transferred from retained earnings to revenue reserve	–	–	–	–	5,989	(5,989)	–
Dividends paid	–	–	–	–	(4,946)	–	(4,946)
Balance at 31 December 2007	109,200	2,200	800	18,215	4,426	–	134,841

^A Represents the capital (loss)/profit attributable to equity Shareholders per the Income Statement.

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

Cash Flow Statement

	Six months ended 30 June 2008 (unaudited) £'000	Six months ended 30 June 2007 (unaudited) £'000	Year ended 30 June 2007 (audited) £'000
Operating activities			
(Loss)/profit for the period	(6,309)	10,347	17,275
Add back interest payable	304	421	847
Losses/(gains) on investments held at fair value through the profit or loss	8,270	(7,682)	(12,186)
Net gains on foreign exchange	(33)	(452)	(365)
Net sales of investments held at fair value through the profit or loss	613	1,587	2,214
Decrease in amounts due from brokers	67	1,345	1,346
Decrease/(increase) in other receivables	22	(74)	(258)
Decrease in amounts due to brokers	–	(792)	(792)
(Decrease)/increase in other payables	(82)	40	197
Net cash inflow from operating activities before and after interest and taxation	2,852	4,740	8,278
Interest paid	(570)	(422)	(644)
Net cash inflow from operating activities	2,282	4,318	7,634
Financing activities			
Repurchase of own shares	(466)	–	(857)
Dividends paid	(2,995)	(2,750)	(4,946)
Loans drawdown	27,467	–	–
Loans repaid	(27,484)	–	–
Net cash outflow from financing activities	(3,478)	(2,750)	(5,803)
Net (decrease)/increase in cash and cash equivalents	(1,196)	1,568	1,831
Analysis of changes in cash during the period			
Opening balance	3,243	1,327	1,327
(Decrease)/increase in cash above	(1,196)	1,568	1,831
Currency differences	75	31	85
Cash and cash equivalents at the end of the period	2,122	2,926	3,243

Notes to the Financial Statements

1. Accounting policies

The financial statements have been prepared in accordance with International Accounting Standard ('IAS') 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). They have also been prepared using the same accounting policies applied for the year ended 31 December 2007 financial statements, which were prepared in accordance with International Financial Reporting Standards, and which received an unqualified audit report.

	Six months ended 30 June 2008	Six months ended 30 June 2007	Year ended 31 December 2007
	p	p	p
2. Return per Ordinary share			
Basic			
Revenue return	2.29	2.58	5.45
Capital return	(8.09)	6.83	10.27
Total return	(5.80)	9.41	15.72

The figures above are based on the following:

	£'000	£'000	£'000
Revenue return	2,491	2,837	5,989
Capital return	(8,800)	7,510	11,286
Total return	(6,309)	10,347	17,275

Weighted average number of Ordinary shares in issue	108,869,615	110,000,000	109,862,890
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Diluted

The calculation of the diluted earnings per Ordinary shares is based on the average traded share price over the period. As a result, 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 the periods presented.

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 2008	As at 30 June 2007	As at 31 December 2007
Basic			
Attributable net assets (£'000)	125,071	130,966	134,841
Number of Ordinary shares in issue	108,780,000	110,000,000	109,200,000
Net asset value per Ordinary share (p)	114.98	119.06	123.48
Diluted			
Net asset value per Ordinary share (p)	114.98	119.06	122.90

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 on the assumption that those Warrants which are not exercised at the period end, amounting to 22,000,000 (30 June 2007 and 31 December 2007 – 22,000,000) Warrants were exercised on the first day of the financial year at 120p per share, giving a total of 130,780,000 (30 June 2007 – 132,000,000; 31 December 2007 – 131,200,000) Ordinary shares.

Notes to the Financial Statements continued

At 30 June 2008 and 30 June 2007 the basic net asset value was less than 120p, therefore there was an anti-dilutive effect from the potential exercise of the Warrants and it is therefore not reported.

	Six months ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 30 June 2007 £'000
4. Other operating expenses			
Directors' fees	58	47	104
Secretarial and administration fees	54	52	104
Marketing contribution	56	51	103
Auditors' remuneration	8	6	19
Custodian charges	74	70	152
Other	79	75	140
	329	301	622

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

	Six months ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Sales	21	21	29
Purchases	18	13	32
	39	34	61

6. 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 has an agreement to provide management services to the Company, which it has sub-delegated to AAM Asia. AAM 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 £647,000 (30 June 2007 – £618,000; 31 December 2007 – £1,262,000) of management fees were paid and payable, with a balance of £217,000 (30 June 2007 – £103,000; 31 December 2007 – £213,000) being payable to AAM Asia at the period end.

The company secretarial and administration fee is based on an annual amount of £100,000, increased annually in line with any increases in RPI, payable quarterly in arrears. During the period £54,000 (30 June 2007 – £52,000; 31 December 2007 – £104,000) of fees were paid and payable, with a balance of £27,000 (30 June 2007 – £26,000; 31 December 2007 – £nil) being payable to AAM at the period end.

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 2008 which comprises the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related explanatory notes 1 to 6. 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 2008 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
21 August 2008

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 £7,200 in the Company can be made in the tax year 2008/2009.

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, One Bow Churchyard, Cheapside, London EC4M 9HH which is authorised and regulated by the Financial Services Authority.

Corporate Information

Directors

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Andrey Berzins, Audit Committee Chairman
Duncan Baxter
Martyn Chambers
Dr Ana Cukic-Munro
Hugh Young

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Investment Manager

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Aberdeen