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Aberdeen Asian Income Fund Limited

Half-Yearly Report
30 June 2009



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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 2009	31 December 2008	% Change
Total assets ^A (£'000)	131,319	132,815	
Total equity Shareholders' funds (£'000)	120,963	117,129	+3.3
Share price (mid-market)	112.25p	102.00p	+10.0
Net asset value per share (basic)	110.78p	108.01p	+2.6
MSCI AC Asia Pacific (ex Japan) Index (currency adjusted, capital gains basis)	14.3%^B	-35.3% ^C	
(Premium)/discount to net asset value	(1.3%)	5.6%	
Interim dividend	2.00p	2.00p ^D	

^A Before deduction of bank loans of £10,356,000 (31 December 2008 – £15,686,000).

^B Six months ended 30 June 2009

^C Year ended 31 December 2008

^D Six months ended 30 June 2008

Performance (total return)

	Six months ended 30 June 2009	Year ended 31 December 2008
Share price	+13.1%	-3.1%
Net asset value (diluted)	+5.4%	-8.4%
MSCI AC Asia Pacific (ex Japan) Index (currency adjusted)	+16.3%	-33.0%

Financial Calendar

27 August 2009	Announcement of unaudited half yearly results
28 August 2009	Payment of first interim dividend for year ending 31 December 2009
September 2009	Half Yearly Report posted to Shareholders
October 2009	Announcement of Interim Management Statement
February 2010	Payment of second interim dividend for year ending 31 December 2009
March 2010	Announcement of annual financial report for the year ending 31 December 2009
April 2010	Annual Report posted to Shareholders
May 2010	Annual General Meeting in Jersey
May 2010	Announcement of Interim Management Statement

Interim Board Report

Background

During the half year to 30 June 2009, your Company's diluted net asset value per share rose by 2.6% to 110.78p, while the share price gained 10.0% to 112.25p as the shares moved from trading on a discount of 5.6% to a premium of 1.3%. Relative to the return from the benchmark, the MSCI AC Asia Pacific (excluding Japan) Index, of 14.3%, the performance was disappointing, but it should be noted that, given your Manager's investment style, the Company expects such relative underperformance when markets rally strongly from oversold positions, as has happened since early March. Such rallies tend to be led by higher risk companies, while the more defensive, better capitalised companies favoured by your Manager tend to lag.

Overview

Asian equities staged an impressive rebound during the six months under review, outperforming the US and European markets, as risk appetite returned amid growing optimism that the worst of the global economic downturn may be over soon.

The reversal in sentiment has been dramatic, given that at the beginning of the year investors feared a repeat of the Great Depression. At first, increasing job losses in the developed world and declining exports in Asian economies stoked fears of an extended global recession. But confidence subsequently returned, on hopes that stimulatory measures worldwide would avert a prolonged contraction. The decisive election in India and China's pump priming efforts further lifted sentiment. A rush of liquidity soon flooded the markets, propelling several indices, such as those in China, Hong Kong, India, Indonesia and Singapore to their highest level in months by the period end.

Economies across Asia also appeared to improve after suffering some of the sharpest declines in output on record. Initially, domestic consumption failed to compensate for falling external demand, as mounting unemployment impacted confidence and curbed spending. With the once thriving export sector battered by the slump in Western consumption, governments in Asia pursued expansionary fiscal and monetary policies that included major spending on infrastructure and aggressive interest rate cuts to revive growth. The collective intervention appears to have had some effect: second-quarter GDP among the more export-oriented economies that were hit hard at the start of the reporting period, such as Singapore and South Korea, which improved significantly from the previous quarter and China, India and Indonesia, which continued to expand, albeit at a slower pace.

Performance review

Most of your Company's holdings performed well in local currency terms, although their performance was hampered by sterling's rebound after a period of prolonged weakness.

Generally your Manager's consistent focus on management quality, balance sheet strength and cash flow generation has led to there being very few disasters in these troubling times. The portfolio comprises defensive businesses, with strong dividend yields reflecting high payout ratios. Many of the top ten holdings have participated in the recent run-up, despite underperforming their peers in the liquidity-fuelled rally, as risk appetite grew.

Our Taiwanese holdings, Taiwan Semiconductor Manufacturing Co (TSMC) and Taiwan Mobile, were very steady. Both companies were aided in part by improved cross-strait ties between China and Taiwan, and partly by decent second-quarter results. Notably TSMC is a global leader in the semiconductor industry in terms of market share, cost and technology, and the wafer manufacturer boasts a healthy dividend payout. Despite the tough operating environment, the company continues to gain market share at the expense of weaker rivals. It has a robust balance sheet, helping it to weather the slowdown and position itself to benefit from the upturn when the global economy recovers.

Your Company's holdings in Thailand, such as Siam Cement and PTT Exploration and Production, also performed strongly, with signs of political stability lifting market sentiment. Siam Cement's share price was further buoyed by expectations of better results and hopes that government fiscal stimulus would boost demand for cement and other materials.

In Singapore, the portfolio benefited from the recovery in interest rate-sensitive stocks, with Oversea-Chinese Banking Corporation (OCBC) and United Overseas Bank (UOB) rebounding strongly from their lows. OCBC and UOB's quarterly operating profits have held up well and their provisioning policies have remained conservative in anticipation of tougher times ahead.

Positive contributions were also gained from Hong Kong conglomerate Swire Pacific and PetroChina, the former underpinned by a resurgent domestic property market, and the latter lifted by a renewed rise in oil and commodity prices.

The portfolio's Malaysian holdings in British American Tobacco (BAT) and Public Bank both lagged in the rally. Nevertheless BAT, which controls the majority of the premium tobacco market, generates good cash flow. An improvement in product mix and stronger cost management led to better-than-expected second-quarter results and it

expects to maintain a dividend payout ratio of around 80%. Public Bank, a good long-term performer, is benefiting from an increase in net interest and financing income.

In terms of portfolio activity, there were few significant changes during the review period. A key transaction was the introduction of Hong Kong Exchanges and Clearing, a well-run business that derives the bulk of its turnover from the trading of Chinese companies listed in Hong Kong. Subsequently, the stock was sold on valuation grounds following a very rapid rise in its share price. Elsewhere, we sold Australian gaming group Tabcorp. Despite the cash-generative nature of the gaming business, the company was hurt by changes in its regulatory environment. Its profits and outlook were negatively impacted by the issuance of additional gaming licences to competitors and an increase in levies.

Dividend

On 16 July 2009, your Board declared a first interim dividend of 2.0p per Ordinary share in respect of the year ending 31 December 2009 (2008 2.0p), which is payable to shareholders on the register on 28 August 2009. A second interim dividend will be announced in January 2010 and payable in February 2010.

Asian companies' dividends are likely to face further cuts this year. Although second-quarter corporate earnings have largely surpassed consensus expectations, revenue remained subdued amid weak demand. Rising inflationary pressures in the coming months could also erode cost benefits that have recently aided earnings. Despite that, many of the portfolio's core holdings have maintained a steady dividend payout, underscoring their sound finances and regard for shareholders.

Gearing and Share Issuance

Your Company has reduced the level of its short-term gearing during the reporting period by approximately £3.5m. At 30 June 2009 there were borrowings of £10.4 million outstanding, representing a gearing level of 8.6% of net assets which overall has been beneficial to net asset value.

During the six months under review your Company's shares have largely traded at a premium to the underlying net asset value per Ordinary share. Your Company's Articles of Association authorise the Directors to allot shares for cash at a premium without pre-emption rights applying for shareholders. 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 2009 a total of 750,000 new Ordinary shares have been issued. Subsequent to the period end a further 150,000 Ordinary shares have been issued at a premium. When issuing shares

at a premium, there is a modest uplift in NAV for the existing shareholders and the Directors will continue to issue shares as and when there is demand from the markets and a premium rating attaching to the shares.

Outlook

The short-term outlook remains uncertain. Stock markets appear to have risen rapidly on hopes of a strong economic recovery. While there are some tentative signs of regional economies bottoming out as the impetus provided by fiscal and monetary expansions kicks in, a sustainable rebound remains contingent on a broader worldwide recovery. Global demand for Asian exports remains weak and China's ability to pick up the slack is untested.

Another potential risk facing the region is fresh asset bubbles caused by the huge amount of money governments have pumped into their banking systems. This may stoke inflationary pressures, especially if the resurgence in oil and commodity prices continues unabated. In South Korea and India, where banking systems are awash with liquidity, central bankers have hinted at possible policy tightening, while China's regulators have ordered banks to stick to the rules on mortgages and ensure that lending goes into the real economy not the stock market. We have little or no exposure to these markets, largely because of the lack of suitable high-yielding companies

In such an environment, caution is merited and equities may come under increasing pressure if corporate earnings disappoint or economic conditions deteriorate. That said, your Board remains confident that the Manager's focus on management quality and financial health will be rewarded over the long term.

I look forward to reporting to you again with the Annual Report for the year to 31 December 2009, which will be issued in April 2010. 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
27 August 2009

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 2008.

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
27 August 2009

Investment Portfolio

As at 30 June 2009

Company	Country of activity	Valuation £'000	Total assets %
Deutsche Bank AG Indonesia FRN 22/07/2017 CLN USD	Indonesia	8,349	6.4
British American Tobacco	Malaysia	6,957	5.3
Taiwan Mobile	Taiwan	6,841	5.2
Swire Pacific	Hong Kong	6,223	4.7
Taiwan Semiconductor	Taiwan	5,749	4.4
Siam Cement	Thailand	5,595	4.3
United Overseas Bank	Singapore	5,466	4.2
PTT Exploration & Production	Thailand	5,460	4.1
Oversea-Chinese Banking	Singapore	5,106	3.9
Petrochina	China	4,380	3.3
Top ten investments		60,126	45.8
Commonwealth Bank Of Australia	Australia	4,289	3.3
Singapore Telecommunications	Singapore	4,226	3.2
Telstra	Australia	4,148	3.2
Digi.Com	Malaysia	4,123	3.1
Advanced Information Services	Thailand	4,005	3.1
Guinness Anchor	Malaysia	3,899	3.0
QBE Insurance Group	Australia	3,681	2.8
Australia & New Zealand Bank Group	Australia	3,607	2.7
Singapore Press	Singapore	3,513	2.7
Singapore Technologies Engineering	Singapore	3,481	2.6
Top twenty investments		99,098	75.5
Public Bank	Malaysia	3,332	2.5
Hong Leong Finance	Singapore	3,157	2.4
Telecom Corp Of New Zealand	New Zealand	2,873	2.2
Singapore Post	Singapore	2,734	2.1
Telekomunikasi Indonesia	Indonesia	2,505	1.9
Hong Leong Bank	Malaysia	2,314	1.8
Siam Makro	Thailand	2,240	1.7
SBS Transit	Singapore	2,121	1.6
Bank Of Philippine Islands	Philippines	1,885	1.4
POS Malaysia	Malaysia	1,486	1.1
Top thirty investments		123,745	94.2
Giordano International	Hong Kong	1,361	1.0
Hana Microelectronic	Thailand	1,283	1.0
Kingmaker Footwear	Hong Kong	530	0.4
Total investments		126,919	96.6
Net current assets ^A		4,400	3.4
Total assets		131,319	100.0

^A Before deduction of bank loans of £10,356,000

Income Statement

	Notes	Six months ended 30 June 2009 (unaudited)			Six months ended 30 June 2008 (unaudited)			Year ended 31 December 2008 (audited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment Income		2,722	–	2,722	2,877	–	2,877	7,017	5	7,022
Bond interest		395	–	395	379	–	379	832	–	832
Deposit interest		15	–	15	46	–	46	116	–	116
Gains/(losses) on financial assets at fair value through the profit or loss		–	2,179	2,179	–	(8,270)	(8,270)	–	(11,003)	(11,003)
Currency gains/(losses)		–	1,871	1,871	–	33	33	–	(5,908)	(5,908)
Total income		3,132	4,050	7,182	3,302	(8,237)	(4,935)	7,965	(16,906)	(8,941)
Expenses										
Investment management fee		(214)	(321)	(535)	(259)	(388)	(647)	(475)	(712)	(1,187)
Other operating expenses	4	(306)	–	(306)	(329)	–	(329)	(726)	–	(726)
Profit/(loss) before finance costs and taxation		2,612	3,729	6,341	2,714	(8,625)	(5,911)	6,764	(17,618)	(10,854)
Finance costs		(100)	(150)	(250)	(129)	(175)	(304)	(208)	(312)	(520)
Profit/(loss) before tax		2,512	3,579	6,091	2,585	(8,800)	(6,215)	6,556	(17,930)	(11,374)
Tax expense		(72)	–	(72)	(94)	–	(94)	(369)	–	(369)
Profit/(loss) and total comprehensive income for the year	2	2,440	3,579	6,019	2,491	(8,800)	(6,309)	6,187	(17,930)	(11,743)
Earnings per Ordinary share (pence):										
Basic and diluted	2	2.25	3.29	5.54	2.29	(8.09)	(5.80)	5.69	(16.49)	(10.80)

The Company does not have any income or expense that is not included in profit for the year, and therefore the "Profit for the year" is also the "Total comprehensive income for the year", 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.

Balance Sheet

Notes	As at 30 June 2009 (unaudited) £'000	As at 30 June 2008 (unaudited) £'000	As at 31 December 2008 (audited) £'000
Non-current assets			
Investments held at fair value through profit or loss	126,919	137,781	127,490
Current assets			
Cash and cash equivalents	4,075	2,122	4,968
Other receivables	605	609	673
	4,680	2,731	5,641
Current liabilities			
Bank loans	(10,356)	(15,014)	(15,686)
Other payables	(280)	(427)	(316)
	(10,636)	(15,441)	(16,002)
Net current liabilities	(5,956)	(12,710)	(10,361)
Net assets	120,963	125,071	117,129
Share capital and reserves			
Ordinary share capital	109,190	108,780	108,440
Warrant reserve	2,200	2,200	2,200
Capital redemption reserve	1,560	1,220	1,560
Capital reserve	3,113	8,949	(513)
Revenue reserve	4,900	3,922	5,442
Equity Shareholders' funds	120,963	125,071	117,129
Net asset value per Ordinary share (pence): 3			
Basic	110.78	114.98	108.01
Diluted	110.78	114.98	108.01

Reconciliation of Movements in Shareholders' Funds

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
Share issue in period	750	–	–	47	–	–	797
Profit for the period	–	–	–	–	–	6,019	6,019
Transferred from retained earnings to capital reserve [^]	–	–	–	3,579	–	(3,579)	–
Transferred from retained earnings to revenue reserve	–	–	–	–	2,440	(2,440)	–
Dividends paid	–	–	–	–	(2,982)	–	(2,982)
Balance at 30 June 2009	109,190	2,200	1,560	3,113	4,900	–	120,963

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 [^]	–	–	–	(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

Year ended 31 December 2008 (audited)

	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 shares	(760)	–	760	(798)	–	–	(798)
Profit for the year	–	–	–	–	–	(11,743)	(11,743)
Transferred from retained earnings to capital reserve [^]	–	–	–	(17,930)	–	17,930	–
Transferred from retained earnings to revenue reserve	–	–	–	–	6,187	(6,187)	–
Dividends paid	–	–	–	–	(5,171)	–	(5,171)
Balance at 31 December 2008	108,440	2,200	1,560	(513)	5,442	–	117,129

[^] 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 2009 (unaudited) £'000	Six months ended 30 June 2008 (unaudited) £'000	Year ended 31 December 2008 (audited) £'000
Operating activities			
Profit/(loss) for the period	6,019	(6,309)	(11,743)
Non cash stock dividend	–	–	(5)
Add back interest payable	250	304	520
Add back taxation paid	72	94	369
(Gains)/losses on investments held at fair value through the profit or loss	(2,179)	8,270	11,003
Net (gains)/losses on foreign exchange	(1,871)	(33)	5,908
Decrease in amounts due from brokers	–	67	67
Decrease/(increase) in other receivables	179	22	(49)
Decrease in other payables	(33)	(82)	(87)
Net cash inflow from operating activities before finance costs and taxation	2,437	2,333	5,983
Bank and loan interest paid	(253)	(570)	(886)
Overseas taxation paid	(72)	(94)	(369)
Net cash inflow from operating activities	2,112	1,669	4,728
Investing activities			
Purchase of investments	(1,812)	(8,262)	(20,475)
Sale of investments	4,562	8,875	28,673
Net cash inflow from investing activities	2,750	613	8,198
Financing activities			
Repurchase of own shares	–	(466)	(798)
Share issue	686	–	–
Dividends paid	(2,982)	(2,995)	(5,171)
Loans drawdown	24,043	27,467	14,949
Loans repaid	(27,520)	(27,484)	(19,877)
Net cash outflow from financing activities	(5,773)	(3,478)	(10,897)
Net (decrease)/increase in cash and cash equivalents	(911)	(1,196)	2,029
Analysis of changes in cash during the period			
Opening balance	4,968	3,243	3,243
(Decrease)/increase in cash above	(911)	(1,196)	2,029
Currency differences	18	75	(304)
Cash and cash equivalents at the end of the period	4,075	2,122	4,968

Notes to the Accounts

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 Financial Reporting Interpretations Committee of the IASB (IFRIC). They have also been prepared using the same accounting policies applied for the year ended 31 December 2008 financial statements, which were prepared in accordance with International Financial Reporting Standards and which received an unqualified audit report.

	Six months ended 30 June 2009 (unaudited) p	Six months ended 30 June 2008 (unaudited) p	Year ended 31 December 2008 p
2. Return per Ordinary share			
Basic			
Revenue return	2.25	2.29	5.69
Capital return	3.29	(8.09)	(16.49)
Total return	5.54	(5.80)	(10.80)
The figures above are based on the following:			
	£'000	£'000	£'000
Revenue return	2,440	2,491	6,187
Capital return	3,579	(8,800)	(17,930)
Total return	6,019	(6,309)	(11,743)
Weighted average number of Ordinary shares in issue	108,669,282	108,869,615	108,724,754

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 2009 (unaudited)	As at 30 June 2008 (unaudited)	As at 31 December 2008
Basic			
Attributable net assets (£'000)	120,963	125,071	117,129
Number of Ordinary shares in issue	109,190,000	108,780,000	108,440,000
Net asset value per Ordinary share (p)	110.78	114.98	108.01
Diluted			
Net asset value per Ordinary share (p)	110.78	114.98	108.01

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 2008 and 31 December 2008 – 22,000,000) were exercised on the first day of the financial year at 120p per share, giving a total of 131,190,000 (30 June 2008 – 130,780,000; 31 December 2008 – 130,440,000) Ordinary shares.

At 30 June 2009, 30 June 2008 and 31 December 2008 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 2009 (unaudited) £'000	Six months ended 30 June 2008 (unaudited) £'000	Year ended 31 December 2008 £'000
4. Other operating expenses			
Directors' fees	58	58	115
Secretarial and administration fees	54	54	109
Marketing contribution	56	56	111
Auditors' remuneration	6	8	34
Custodian charges	51	74	143
Other	81	79	214
	306	329	726

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

	Six months ended 30 June 2009 (unaudited) £'000	Six months ended 30 June 2008 (unaudited) £'000	Year ended 31 December 2008 £'000
Sales	11	21	54
Purchases	3	18	93
	14	39	147

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 £535,000 (30 June 2008 – £647,000; 31 December 2008 – £1,187,000) of management fees were paid and payable, with a balance of £192,000 (30 June 2008 – £217,000; 31 December 2008 – £167,000) being payable to AAM Asia at the period end.

The company secretarial and administration fee is based on an annual amount of £109,000, increased annually in line with any increases in RPI, payable quarterly in arrears. During the period £54,000 (30 June 2008 – £54,000; 31 December 2008 – £109,000) of fees were paid and payable, with a balance of £27,000 (30 June 2008 – £27,000; 31 December 2008 – £27,000) being payable to AAM at the period end.

7. Half-Yearly Financial Report

The financial information for the six months ended 30 June 2009 and 30 June 2008 have not been audited.

The auditors have reviewed the financial information for the six months ended 30 June 2009 pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information. The report of the auditors is on page 13.

8. This Half-Yearly Financial Report was approved by the Board on 27 August 2009.

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 2009 which comprises the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related explanatory notes 1 to 8. 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 2009 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
27 August 2009

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 in the tax year 2009/2010 and up to £10,200 in the tax year 2010/2011. Between 6 October 2009 and 5 April 2010, an additional £3,000 may be invested in an ISA, for the tax year 2009/2010, provided that the ISA holder is aged 50 years or over at the date of the additional investment.

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

Peter Arthur, Chairman
Andrey Berzins, Audit Committee Chairman
Duncan Baxter
Martyn Chambers
Dr Ana Cukic Armstrong
Hugh Young

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Investment Manager

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www.asian-income.co.uk



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