

05

Aberdeen New Dawn Investment Trust PLC

Interim Report

Six months ended 31 October 2005



Aberdeen

Chairman's Statement

Background

I am pleased to report that New Dawn achieved an excellent performance over the six months under review. During this period, the net asset value of the Company increased 21.9% to 402.65p, outperforming the benchmark MSCI Asia Pacific ex-Japan Index, which rose 14.6%. The share price gained 34.3% to 415p. At 30 April 2005, the Company's shares were trading at a discount of 6.5% to the net asset value, but by 31 October 2005 they were trading at a premium of 3.1%. As is our normal practice, we shall recommend a final dividend at our financial year-end.

Overview

The flow of foreign money into the region has allowed Asian stock markets to continue their improvement. After a mixed performance at the start of the year, a broad-based rally followed. This was impressive, particularly in view of firmer oil prices, rising interest rates and the emergence of inflationary pressures. Indeed, underlying growth has hardly slowed at all: exports have stayed strong, thanks to Chinese demand. Rising domestic confidence has also led to firmer asset prices. Most important, the quality of earnings has been maintained, even as returns have shaded lower – much as our Managers had predicted.

Among the major markets, South Korea stood out with a rise of 30%. An accommodative monetary policy stance provided the catalyst for shares to rise, plus domestic buying picked up through regular savings plans and pension reforms (factors which are peculiar to this market). Against this, corporate governance reforms have appeared to stall, while economic fundamentals remained a little dull. The Hong Kong benchmark Hang Seng Index reached a four-year high as the property recovery accelerated. Australia improved 16% on the back of the resources boom.

In South Asia, the Indian market (+31%) benefited from a solid foundation for growth, the low base effect, and the current administration's pro-business stance (even if its coalition partners have lately curbed hoped-for reform, including privatisation). That aside, companies are high quality and have been generating returns, often ahead of expectations. The level of foreign buying has been unprecedented with the market being significantly re-rated. On the downside Taiwan underperformed on lingering concerns over earnings in the technology sector; and, Indonesia due to higher inflation caused by an end to fuel subsidies'.

Outwardly the most significant event was China's move to abolish its decade-old fixed currency peg with the US dollar. The revaluation is a move in the right direction as it underscores the country's commitment towards a market-driven economy and allows for greater flexibility in managing monetary policy. China's move was quickly followed by Malaysia, which also replaced its fixed currency peg with a managed float.

Share Issues

During the period under review, demand for the Company's shares was encouragingly strong. This allowed the Company to issue 1.28 million new Ordinary shares during this period, with a further 425,000 new Ordinary shares having been issued during November 2005. All new shares were issued at a premium to the prevailing NAV. The Company used up the authority to allot new Ordinary shares granted at the Annual General Meeting in August and, as a result, I issued a circular to shareholders on 17 November 2005 seeking a new authority to allot up to 10% of the shares in issue for cash and to disapply pre-emption rights in respect of those shares. Shareholders approved this at the Extraordinary General Meeting held on 14 December 2005 and the Directors will continue to consider issuing new shares when the Company is able to and when to do so would enhance the NAV for existing shareholders.

Gearing

The Directors continue to keep the gearing policy under review and have given the Manager flexibility to gear up to 10% of the Company's assets, although at the time of writing the level of drawings has not changed from the period end position, being around 7.5%.

Outlook

Given the strong performance in share prices over the past year, valuations are looking a little less compelling. Earnings have grown in line with expectations, by around 10%. A fundamental re-rating of markets now really depends on companies being able to improve those returns. Some wariness is merited as increased costs, not just of raw materials but also of labour, may pressure margins and contain profitability over the next 12 months.

Foreign interest in Asia remains very keen, so the liquidity-driven rally may continue. There is no shortage of new issues to absorb this liquidity but the majority of these have not fitted our investment criteria. However economic trends are broadly supportive, although much will depend on energy-led inflation, at what level US interest rates peak and their effect on global growth.

Currently the Company's investments trade on a price/earnings multiple of 15.3 times for calendar year 2005 and 14.1 times for 2006, according to our Manager's estimates, with a low debt/equity ratio of 9% and a dividend yield of 3.5%. There is a defensive nature to the portfolio and I continue to remain confident about the region's prospects, and in particular our own portfolio.

22 December 2005

Richard Clough
Chairman

Statement of Total Return (unaudited)

	Notes	Six months ended 31 October 2005			Six months ended 31 October 2004 (restated)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on held-at-fair-value investments		–	17,573	17,573	–	601	601
Income		1,857	–	1,857	1,688	–	1,688
Investment management fee		(197)	(197)	(394)	(145)	(145)	(290)
Administrative expenses		(242)	–	(242)	(226)	–	(226)
Exchange gains/(losses)		26	(475)	(449)	(17)	159	142
Net return before finance costs and taxation		1,444	16,901	18,345	1,300	615	1,915
Interest payable and similar charges		(80)	(80)	(160)	(54)	(54)	(108)
Net return on ordinary activities before taxation		1,364	16,821	18,185	1,246	561	1,807
Taxation on ordinary activities		(414)	83	(331)	(416)	60	(356)
Net return on ordinary activities after taxation		950	16,904	17,854	830	621	1,451
Return per Ordinary share (pence):	4			74.98			6.24

The total column of this statement represents the profit and loss account of the Company.

All revenue and capital items are derived from continuing operations.

Balance Sheet

	Notes	As at 31 October 2005 (unaudited) £'000	As at 31 October 2004 (unaudited) (restated) £'000	As at 30 April 2005 (audited) (restated) £'000
Fixed assets				
Investments designated as held-at-fair-value		106,432	78,413	83,810
Current assets				
Debtors		227	404	539
Cash at bank and in hand		1,471	680	871
		1,698	1,084	1,410
Creditors: amounts falling due within one year				
Bank loans		(7,535)	(7,310)	(7,054)
Other creditors		(1,150)	(932)	(676)
		(8,685)	(8,242)	(7,730)
Net current liabilities		(6,987)	(7,158)	(6,320)
Total assets less current liabilities		99,445	71,255	77,490
Provision for liabilities and charges		(43)	(29)	(149)
Net assets		99,402	71,226	77,341
Share capital and reserves				
Called-up share capital		6,172	5,817	5,852
Share premium account		14,834	9,317	9,777
Special reserve		14,138	14,138	14,138
Capital redemption reserve		10,207	10,207	10,207
Capital reserve – realised		6,606	6,094	7,025
Capital reserve – unrealised		43,364	22,115	26,041
Revenue reserve		4,081	3,538	4,301
Equity Shareholders' funds		99,402	71,226	77,341
Net asset value per Ordinary share (pence):	5	402.65	306.12	330.42

Statement of Changes in Equity (unaudited)

Six months ended 31 October 2005

	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000	Total £'000
Balance at 30 April 2005 (restated)	5,852	9,777	14,138	10,207	7,025	26,041	4,301	77,341
Net profit on ordinary activities after taxation	-	-	-	-	(274)	17,178	950	17,854
Dividend paid (Final 2005 – 4.0p; Special – 1.0p)	-	-	-	-	-	-	(1,170)	(1,170)
Issue of Ordinary shares	320	5,057	-	-	-	-	-	5,377
Transfer on disposal of investments	-	-	-	-	(145)	145	-	-
Balance at 31 October 2005	6,172	14,834	14,138	10,207	6,606	43,364	4,081	99,402

Six months ended 31 October 2004

	Share capital £'000	Share premium account £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve realised £'000	Capital reserve - unrealised £'000	Revenue reserve £'000	Total £'000
Balance at 30 April 2004 (restated)	5,817	9,317	14,138	10,207	6,119	21,469	3,592	70,659
Net profit on ordinary activities after taxation	-	-	-	-	34	587	830	1,451
Dividend paid (Final 2004 – 3.8p)	-	-	-	-	-	-	(884)	(884)
Transfer on disposal of investments	-	-	-	-	(59)	59	-	-
Balance at 31 October 2004	5,817	9,317	14,138	10,207	6,094	22,115	3,538	71,226

Cash Flow Statement (unaudited)

	Six months ended 31 October 2005 £'000	Six months ended 31 October 2004 £'000
Net cash inflow from operating activities	1,500	1,051
Net cash outflow from servicing of finance	(161)	(102)
Net tax paid	–	(30)
Net cash outflow from financial investment	(4,953)	(492)
Equity dividends paid	(1,170)	(884)
Net cash outflow before financing	(4,784)	(457)
Net cash inflow from financing	5,378	32
Increase/(decrease) in cash	594	(425)
Reconciliation of net return before finance costs and taxation to net cash inflow from operating activities		
Net return before finance costs and taxation	1,444	1,300
Decrease in accrued income	326	608
(Increase)/decrease in other debtors	(4)	21
Increase/(decrease) in other creditors	48	(44)
Capitalised expenses taken to non-distributable reserves	(197)	(145)
Dividend treated as capital repayment	–	(391)
Scrip dividends included in investment income	(15)	(132)
Overseas withholding tax suffered	(102)	(166)
	1,500	1,051
Reconciliation of net cash flow to movements in net debt		
Increase/(decrease) in cash as above	594	(425)
Cash inflow from increase in loans	–	(32)
Change in net debt resulting from cash flows	594	(457)
Exchange movements	(475)	159
Movement in net debt in the period	119	(298)
Opening net debt	(6,183)	(6,332)
Closing net debt	(6,064)	(6,630)
Represented by:		
Cash at bank and in hand	1,471	680
Debt falling due within one year	(7,535)	(7,310)
	(6,064)	(6,630)

Notes to the Accounts

1. Accounting policies

The accounts have been prepared under the historical cost convention, as modified to include the revaluation of investments and in accordance with applicable Accounting Standards and with the Statement of Recommended Practice for "Financial Statements of Investment Trust Companies". They have also been prepared on the assumption that the approval as an investment trust will continue to be granted.

For the accounting period beginning on 1 May 2005 the Company had the option to prepare its financial statements in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the International Accounting Standards Board ('IASB'). The Board has elected to continue to adopt UK Generally Accepted Accounting Principles ('UK GAAP') and therefore comply with the new Financial Reporting Standards issued as part of the programme to converge UK GAAP with IFRS. Figures for the six months ended 31 October 2004 and year ended 30 April 2005 have been restated accordingly.

The same accounting policies used for the year ended 30 April 2005 have been applied with the following exceptions:

- (a) Investments are measured initially at cost and are recognised at trade date. Subsequent to initial recognition investments are valued at fair value. For listed investments this is deemed to be bid market prices. Movements in fair value are recognised in the statement of total return.
- (b) Interim, special and final dividends are recognised in the period in which they are paid.

The impact of these changes are shown in the following notes.

	As at 30 April 2005 £'000	As at 31 October 2004 £'000	As at 30 April 2004 £'000
2. Reconciliation of Balance Sheets			
Net assets as previously reported	76,425	71,511	70,097
Restatement of investments at bid value	(254)	(285)	(322)
Reversal of provision for final and special dividends	1,170	–	884
Restated net assets	77,341	71,226	70,659

	Six months ended 31 October 2004 £'000
3. Reconciliation of the Statement of Total Return	
Total transfer to reserves per original reported Statement of Total Return	1,414
Change from mid to bid basis 30 April 2004	322
Change from mid to bid basis 31 October 2004	(285)
	1,451

Ordinary dividends on equity shares deducted from reserves are analysed below:

	Six months ended 31 October 2005	Six months ended 31 October 2004 (restated)
	£'000	£'000
2004 final dividend – 3.8p	–	884
2005 final dividend – 4.0p	936	–
2005 special dividend – 1.0p	234	–
	1,170	884

	Six months ended 31 October 2005	Six months ended 31 October 2004 (restated)
	p	p
4. Return per share		
Revenue return	3.99	3.57
Capital return	70.99	2.67
Total return	74.98	6.24

The figures above are based on the following attributable assets:

	Six months ended 31 October 2005	Six months ended 31 October 2004 (restated)
	£'000	£'000
Revenue return	950	830
Capital return	16,904	621
Total return	17,854	1,451
Weighted average number of Ordinary shares	23,812,676	23,267,133

	Six months ended 31 October 2005	Six months ended 31 October 2004 (restated)	Year ended 30 April 2005 (restated)
5. Net asset value			
Attributable net assets (£'000)	99,402	71,226	77,341
Number of Ordinary shares in issue	24,687,133	23,267,133	23,407,133
Net asset value per Ordinary share (p)	402.65	306.12	330.42

	Six months ended 31 October 2005 £'000	Six months ended 31 October 2004 £'000	Year ended 30 April 2005 £'000
6. Transaction costs			
The following investment transaction costs were incurred during the period:			
Purchases	23	15	28
Sales	13	17	32
	36	32	60

Notes to the Accounts – continued

7. In accordance with stated policy no interim dividend has been declared for the period (2004 – nil).
8. The financial information for the year ended 30 April 2005 has been extracted from the unrevised Annual Report and Accounts of the Company which have been filed with the Registrar of Companies and restated where required as a result of the implementation of the new Financial Reporting Standards. The auditors' report on those accounts was unqualified.

The statement of total return and balance sheet do not represent full accounts in accordance with Section 240 of the Companies Act 1985.

Independent Review Report to Aberdeen New Dawn Investment Trust PLC

Introduction

We have been engaged by the Company to review the financial information set out on pages 3 to 9 and we have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Review Work Performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4: 'Review of Interim Financial Information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review Conclusion

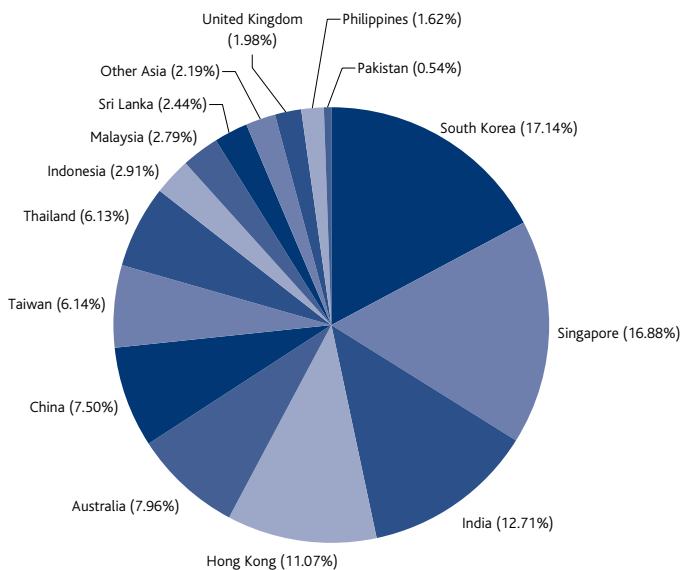
On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 October 2005.

22 December 2005

KPMG Audit Plc
Chartered Accountants
Edinburgh

Asset Allocation

As at 31 October 2005



Stock Market Performance

MSCI Country Index	Indices 30 April 2005 £	Indices 31 October 2005 £	% Change Sterling Adj %
Australia	696.86	809.42	16.2
China	19.83	22.65	14.2
Hong Kong	6815.68	7537.55	10.6
India	141.96	186.59	31.4
Indonesia	231.59	242.51	4.7
Korea	200.67	261.06	30.1
Malaysia	207.55	232.29	11.9
Pakistan	87.00	109.43	25.8
Philippines	145.02	160.06	10.4
Singapore	300.28	326.66	8.8
Sri Lanka	105.37	139.54	32.4
Taiwan	216.76	217.02	0.1
Thailand	159.54	173.43	8.7
Aberdeen New Dawn Net Asset Value	330.42	402.65	21.9
MSCI AC Asia Pacific Index ex Japan (currency adjusted, capital gains basis)	256.53	294.01	14.6

Investment Portfolio

By value at 31 October 2005

Company	Country of activity	Valuation £'000	Total assets %*
Aberdeen International India Opps. Fund	India	13,525	12.6
Samsung Electronics	South Korea	8,750	8.2
Swire Pacific	Hong Kong	4,132	3.9
China Mobile	China	3,954	3.7
Oversea-Chinese Banking Corporation	Singapore	3,883	3.6
Hyundai Motor	South Korea	3,343	3.1
QBE Insurance Group	Australia	3,062	2.9
Petrochina	China	2,859	2.7
Taiwan Semiconductor	Taiwan	2,802	2.6
Siam Cement	Thailand	2,787	2.6
Top ten investments		49,097	45.9
City Developments	Singapore	2,769	2.6
United Overseas Bank	Singapore	2,759	2.6
PTT Exploration & Production	Thailand	2,443	2.3
Shinsegae Company	South Korea	2,391	2.2
Wing Hang Bank	Hong Kong	2,336	2.2
Aberdeen Asian Smaller Companies Inv. Trust	Other Asia	2,335	2.2
Rio Tinto	Australia	2,249	2.1
M P Evans Group	United Kingdom	2,107	2.0
Unilever Indonesia	Indonesia	1,936	1.8
Singapore Technology Engineering	Singapore	1,912	1.8
Top twenty investments		72,334	67.7
Dairy Farm International	Singapore	1,837	1.7
Singapore Airlines	Singapore	1,772	1.7
Kookmin Bank	South Korea	1,771	1.7
Venture	Singapore	1,770	1.7
Fubon Financial	Taiwan	1,743	1.6
Ayala Land	Philippines	1,727	1.6
Leighton Holdings	Australia	1,651	1.5
Sun Hung Kai Properties	Hong Kong	1,601	1.5
Public Bank Berhad	Malaysia	1,531	1.4
Tabcorp Holdings	Australia	1,514	1.4
Top thirty investments		89,251	83.5

Investment Portfolio – continued

Company	Country of activity	Valuation £'000	Total assets %*
Malaysian Oxygen	Malaysia	1,440	1.3
Dah Sing Financial	Hong Kong	1,373	1.3
Giordano International	Hong Kong	1,297	1.2
Hana Microelectronics	Thailand	1,292	1.2
Pusan Bank	South Korea	1,173	1.1
Zhejiang Expressway	China	1,167	1.1
Taiwan Mobile	Taiwan	1,059	1.0
Sinopac	Taiwan	930	0.9
Daegu Bank	South Korea	808	0.8
Keells (J.)	Sri Lanka	793	0.7
Top forty investments		100,583	94.1
Asia Satellite Telecom	Hong Kong	713	0.7
Robinson & Co.	Singapore	676	0.6
Aitken Spence	Sri Lanka	664	0.6
Sepatu Bata	Indonesia	653	0.6
DFCC Bank	Sri Lanka	632	0.6
BOC Pakistan	Pakistan	576	0.6
Jardine Strategic Holdings	Singapore	545	0.5
National Development Bank	Sri Lanka	510	0.5
Multi Bintang Indonesia	Indonesia	481	0.4
ASM Pacific Technologies	Hong Kong	260	0.2
Top fifty investments		106,293	99.4
Dah Sing Banking	Hong Kong	74	0.1
United Overseas Land	Singapore	33	0.0
Tigaraska Satria	Indonesia	32	0.0
Total fixed asset investments		106,432	99.5
Net current assets		548	0.5
Total assets		106,980	100.0

* Excluding bank loans of £7,535,000.

Financial Calendar

22 December 2005	Announcement of unaudited interim results
December 2005	Interim Report posted to Shareholders
June 2006	Announcement of unaudited results for the year ending 30 April 2006
July 2006	Annual Report posted to Shareholders
August 2006	Annual General Meeting

Corporate Information

Directors

Richard Clough, Chairman
James West, Deputy Chairman
Richard Bradley
Alan Henderson
Richard Hills
Hugh Young

Manager

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