Aberdeen Latin American Income Fund Limited

Half Yearly Report
for the six months ended 28 February 2015

Aberdeen

Contents

The Company

Aberdeen Latin American Income Fund Limited (the “Company”) is a Jersey-incorporated, closed-ended investment company and its shares are traded on the London Stock Exchange (“LSE”). The Company is a member of the Association of Investment Companies. References throughout this document to Group refer to both the Company and its Delaware LLC 100% owned subsidiary.

Investment Objective

The investment objective of the Company is to provide Ordinary Shareholders with a total return, with an above average yield, primarily through investing in Latin American securities.

Manager

The Company is managed by Aberdeen Private Wealth Management Limited (“APWML”), which is registered with the Jersey Financial Services Commission (“JFSC”) for the conduct of fund services business. The investment management of the Company has been delegated by Aberdeen Private Wealth Management Limited to Aberdeen Asset Managers Limited (“AAM”). AAM is based in London and is a wholly-owned subsidiary of Aberdeen Asset Management PLC (“Aberdeen”), a publicly-quoted company on the LSE.

References throughout this document to Aberdeen refer to both APWML and AAM and their responsibilities as Manager and Investment Manager to the Company.

The cover image is Ponte Octavio Frias Di Oliveira, Sao Paolo, Brazil

Highlights and Financial Calendar

Financial Highlights

	28 February 2015	31 August 2014	% change
Total assets (£'000)	57,288	69,641	–17.7
Equity shareholders' funds (£'000)	47,711	60,729	–21.4
Net asset value per Ordinary share	72.78p	92.60p	–21.4
Ordinary share price (mid-market)	65.25p	82.75p	–21.1
Subscription share price (mid-market)	1.00p	2.85p	–64.9
Discount to net asset value on Ordinary shares	10.3%	10.6%	

Performance (total return[A])

	Six months ended 28 February 2015	Year ended 31 August 2014
Ordinary share net asset value	–19.1%	+10.4%
Ordinary share price	–18.6%	+1.4%
Composite MSCI EM Latin American 10/40 Index/JP Morgan GBI-EM Global Diversified Index (Latin America carve out)(sterling adjusted)	–16.4%	+12.7%

Source: Aberdeen Asset Management, JP Morgan, Lipper and Morningstar.
[A]Total return represents the capital return plus dividends reinvested.

Financial Calendar

30 January 2015	First interim dividend paid
30 April 2015	Announcement of Half-Yearly results for the six months ended 28 February 2015
May 2015	Half-Yearly Report posted to shareholders
30 April 2015	Payment of second interim dividend
31 July 2015	Payment of third interim dividend
31 August 2015	Year end
October 2015	Announcement of results for the year ending 31 August 2015
30 October 2015	Payment of fourth interim dividend
31 December 2015	Final subscription date to exercise Subscription shares (optional)

Interim Board Report – Chairman's Statement

Overview

Latin American listed assets were buffeted by a confluence of headwinds over the six months to the end of February 2015. These included lower commodity prices, weakening currencies and slowing growth. Vacillating expectations surrounding the timing of a US interest rate hike also weighed on sentiment. The eventual tightening of US monetary policy would make dollar investments more attractive, and may spark further capital flight from the region.

In the six month period ended 28 February 2015, the NAV total return (capital return plus dividends reinvested) in sterling terms fell by 19.1% which underperformed our composite benchmark's total return drop of 16.4% for the same period. The Ordinary shares delivered a share price total return of -18.6% for the six months and have traded at a discount through the period. During the six month period we bought back 25,000 shares which are currently held in treasury. An additional 100,000 shares have been bought back since the period end and are also held in treasury.

Economic growth across Latin America remained subdued, given the challenging global backdrop. China's slowing appetite for imports led the region to expand at its weakest pace for five years in 2014. Currencies were also hit by the plunging oil price. That said fortunes appeared to diverge towards the end of the year as Mexico was buoyed by a rebound in US demand whilst Chile experienced resurgence in its retail, services and mining sectors. Both nations saw their growth rates tick upwards in the fourth quarter. At the same time, their stockmarkets were among the better performers.

Conversely, Brazil disappointed with its equity market steered by the bitterly-contested presidential elections, which concluded with Dilma Rousseff edging out Aecio Neves to secure a second term. Sentiment was further dampened by the corruption investigation involving oil producer Petrobras. Moody's subsequent downgrade of the state oil giant's debt to junk status ignited concerns of further bad news to come. There were also fears that the president's sliding popularity could make it more challenging for her to push through important, albeit unpopular, austerity measures to tame the budget deficit.

Policy responses to the macroeconomic deterioration were varied. Oil exporters had to adjust to the prospect of weaker revenues this year: Mexico cut its 2015 budget by almost 3% and cancelled a high-speed train project, while Colombia postponed over US$2 billion in government spending. Chile, a net oil importer, had room to maintain its lending rate as cheaper oil reduced inflationary pressure. While the vast majority of central banks kept monetary policy loose to shore up economic growth, Brazil continued to aggressively raise interest rates, in the hope of taming rising inflation.

While the combination of slower economic growth and lower commodities prices usually signal a supportive environment for bonds, this time both markets and regional central banks have been challenged by a rapidly appreciating US dollar and the uncertainty surrounding the start and the magnitude of the upcoming US Federal Reserve tightening cycle. Despite these challenges in the absence of demand side inflationary pressures monetary policy is expected to remain on the dovish side across the region, with the Central Bank of Brazil ending its rate hiking cycle soon, and other central banks keeping their policy rate unchanged throughout the year. An eventual stabilization of currencies could also be an important supporting factor for the local bond markets.

Dividends

We have declared a second interim dividend of 1p per Ordinary share in respect of the year to 31 August 2015 payable on 30 April 2015 to Ordinary shareholders on the register on the record date of 7 April 2015. Although the Company aims to pay a minimum aggregate dividend of 4.25 pence per share for the year ending 31 August 2015, current weak markets and global uncertainty means that we are continually keeping this under review. Dividends remain subject to investee company performance, the level of income from investments, regional currencies which have been particularly weak over the last six months and possible unforeseen circumstances.

Gearing

We have maintained gearing in the portfolio throughout the period and as at 28 February 2015 we had borrowings of US$14,800,000 drawn under the £10 million multi-currency revolving credit facility. This facility provided by Scotiabank Europe PLC was renegotiated last year and is available until August 2017 at an interest rate margin of 95bps over Libor. The current all-in rate being paid by the Company for these funds is 1.132%, an attractive borrowing rate when considering the current portfolio equity yield of 3.4% and substantially higher real bond yields. Subsequent to the period end the level of drawings under the facility was reduced to US$13,300,000.

Presentation of Financial Statements

Following the issuance by the International Accounting Standards Board in December 2014 of Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28), IFRS 10 now states that investment entities should measure all of their subsidiaries that are themselves investment entities at fair value. As a result, the Company's wholly owned Delaware subsidiary through which certain investments are held, which was previously consolidated into the Company's financial statements, is now measured at fair value. This change has not affected the net assets, profit before tax or net assets per share of the Company but has resulted in certain presentation changes. The financial statements and notes for the comparative periods ended 28 February 2014 and 31 August 2014 have been restated applying the amended standard.

Outlook

Market sentiment is unlikely to improve significantly in the immediate future. For now, accommodative monetary policy by major central banks should support asset prices. But risk appetite will be limited by the uncertainty surrounding the US Federal Reserve's policy normalisation; given the strength of the dollar, assumptions that interest rate hikes would begin in the middle of the year are now being called into question. China's deepening slowdown could be a further source of worry for resource-rich exporting Latin American nations.

There are also domestic issues to contend with. In Brazil, president Dilma Rousseff is looking increasingly embattled, with dissatisfaction over the floundering economy and the corruption scandal culminating recently in mass demonstrations and calls for her impeachment. While spending cuts and tax hikes are likely to weigh on consumer sentiment in the near term, good fiscal discipline is vital to laying the foundation for healthier economic growth and renewed investor confidence. Mexico's government has made commendable progress in implementing groundbreaking reforms in the telecommunications and oil sectors. Yet, the administration's credibility has been dented by its handling of a property scandal involving the president and a government contractor. Chile, too, was tainted by corruption allegations. Both governments have proposed anti-graft initiatives; whether these will be enough to restore voter confidence remains unclear.

But, all that said, there still remains cause for optimism for the long-term. Concerted government efforts at reform should underpin longer-term growth prospects. On the corporate front, earnings growth may remain subdued in the near term. However, well-run companies are focusing on maintaining margins and market share, which should position them for an eventual rebound. As always, your Manager sees investment opportunities when share prices fall indiscriminately, and has taken market weakness as a chance to add to favoured holdings. We remain confident that your Manager's focus on quality will ultimately pay off in these challenging times.

Richard Prosser
Chairman
30 April 2015

Interim Board Report – Investment Manager's Review

Performance Commentary

Latin American listed asset prices tumbled over the six months under review, underperforming the broader emerging market asset class. Concerns swirled over the interplay between slowing economic growth, soft commodity prices and currency weakness. Given the volatile backdrop, total assets fell by 17.7% in sterling terms and the share price fell to 65.25p having been 82.75p at 31 August 2014. While local currency bond returns were positive reflecting a weaker growth environment, the currency depreciation outweighed the gains.

Brazil was one of the main laggards. Economic growth moderated as domestic consumption languished, while the looming normalisation of the US Federal Reserve's policy and falling commodity prices (notably oil and iron ore) weighed on the currency and the stockmarket. Sentiment was also driven by the bitterly-fought presidential election. Fears surrounding Rousseff's re-election were alleviated to some extent when she made the market-friendly decision to appoint former Treasury Secretary, Joaquim Levy, to lead the Ministry of Finance with Alexandre Tombini remaining as Governor of the central bank and Nelson Barbosa the new Planning Minister. Levy's ambitious fiscal consolidation plans - necessary to combat the heavily deteriorated budget - have been met with some relief in the market. In order to reach the government's fiscal deficit target for 2015, expenditure cuts of BRL57.5 billion were announced in February - the equivalent of 20% of discretionary spending. While Levy's primary surplus target of 1.2% of GDP for 2015 may be hard to achieve given the poor state of the economy, the Ministry of Finance appears determined in its commitment to achieve the goal.

While the portfolio's equity overweight to Brazil hurt our performance, this was partly compensated for by positive stock selection. Several Brazilian holdings such as department store operator Lojas Renner, tobacco company Souza Cruz, fuel and chemicals company Ultrapar, dental health insurer Odontoprev and payment solutions specialist Valid were the top contributors to relative return. Lojas Renner's sales grew at a double-digit rate, highlighting its market dominance and resilience in the face of economic headwinds. Souza Cruz recovered after a period of weakness; price pressures on industry earnings appear to be easing after its main competitor, Phillip Morris, relented and started increasing cigarette prices. Ultrapar posted stellar results, with better-than-expected margins at its Ipiranga division driven by a better sales mix, economies of scale and last November's fuel price hikes. Odontoprev reported mixed full-year results as sales missed expectations, but the company still managed to grow margins. Valid's widening revenue and profit margins were due to the successful expansion of its US operations.
In Mexico the central bank, Banxico, left the policy rate unchanged throughout the period at 3%. Banxico did, however, lower its 2015 and 2016 GDP growth forecast in February to 2.5% - 3.5% and 2.9% - 3.9% year-on-year respectively, pointing to lower oil prices and production coupled with a slower-than-expected recovery in private consumption. The Mexican finance ministry announced budget cuts during January which could reduce expenditures by US$8.4 billion via PEMEX and CFE, respectively the state-owned oil and electricity companies, as well as a reduction to the federal government's current and infrastructure spending plans.

The portfolio's holdings in Mexico did well despite the market's decline. Airport operators OMA and ASUR continued to benefit from a robust rise in traffic and commercial revenues. ASUR, in particular, saw a double-digit jump in traffic growth and good margin expansion in the fourth quarter, although exchange-rate losses hurt the bottom line. Its well-diversified mix of local and international passengers gives it a higher degree of resilience against a tougher macroeconomic environment. Convenience store operator and Coke bottler, FEMSA, rose on the back of good results and its plans to enter the fuel retail market, an industry that has recently been opened up to the company as a result of domestic energy reform.

Where the equity portfolio lagged was in Peru and Argentina. Stock selection in Peru hurt performance as shares of our sole holding, infrastructure company Grana y Montero, fell on worries over the domestic economic slowdown. It was also hampered by concerns over its order backlog, an indication of future earnings, as fewer local projects have been awarded, while mining investments have slowed. In Argentina, the portfolio's non-benchmark exposure via specialist oil and gas pipe maker Tenaris also weighed on performance, as the company's shares fell due to concerns that demand could fall if oil prices continue to remain soft.

Tabare Vazquez was elected as the new Uruguayan president in the second round of voting held in October, gaining 57% of positive votes compared to 43% for opposition candidate Lacalle Pau. Vazquez was president from 2000-2005 and his new cabinet features numerous market-friendly names from this first term. The portfolio's exposure to Uruguayan inflation linked bonds positively contributed to performance, as the currency outperformed its major regional peers.

Portfolio Activity

In December 2014 certain higher valued equity positions were reduced as we increased our bond exposure. We have continued to add to positions in longer dated bonds in Colombia and Mexico reflecting our view that the current environment of lower economic growth and supply side disinflationary shock coming from lower commodities prices favours fixed income assets. We also increased our weight in Uruguayan inflation-linked bonds due to the high yields on offer. In terms of currency exposure we have reduced our positioning in the Mexican peso.

Three new equity holdings were introduced over the period. Positions initiated included Arca Contal, Mexico's second-largest Coca-Cola bottler with well-run operations and solid growth prospects; Banco Santander Mexico, a conservatively managed lender with an established domestic market position; and Iguatemi, a leading Brazilian mall owner and operator with a portfolio of well-located malls, a broad tenant base and a pipeline of new sites under development. Conversely, we sold our holding in Petrobas in December at a considerable loss on growing concerns about corporate governance shortcomings, rising leverage and a deteriorating ability to repay its debt. Its shares continued to slump thereafter amid the widening corruption probe and a deteriorating balance sheet. The company had its credit rating downgraded two notches to Ba2 by Moody's due to concerns over filing their audited annual results by the April 30 deadline. The agency maintained the company's rating on negative review. Petrobras has now released audited financial reports showing preliminary write offs of BRL50bn in the second half of 2014 related to projects that have been tainted by corruption allegations. However, the balance sheet remains under pressure and the company will release a new business plan in the next months.

Outlook

Until there is clarity on the timing of the US Federal Reserve's impending rate hike, Latin American markets, like those elsewhere, are expected to remain jittery. The dollar's continued strength, partly in anticipation of higher borrowing costs in the US, could put regional currencies under further pressure at a time when commodity-exporting nations are suffering from the loss of oil revenues and falling Chinese demand. Mexico has trimmed its 2015 budget spending and lowered its growth forecast after the sharp fall in oil prices hurt public finances. Brazil is grappling with a weak economy, as the government raises taxes and cuts spending to balance the books. Continued monetary tightening, designed to curb inflation and stem declines in the currency, is expected to crimp consumer spending.

For all the macroeconomic uncertainty, however, developments on the corporate front are actually quite encouraging. Many of our investments have continued to focus on reining in costs and improvements in efficiency. This has yet to lead to a broad recovery in corporate earnings, but some companies are seeing steadier margins, which should eventually translate to healthier bottom lines. Likewise, their market leadership and sound fundamentals have helped some of them weather the challenging operating environment better than some of their peers; this should position them better for an eventual rebound. Valuations are attractive and supportive of an eventual re-rating once profitability recovers. In addition, structural themes underpinning the region's growth dynamics are still present: the growing middle class, healthier international currency reserves and relatively low levels of government debt. Numerous reforms being rolled out in Colombia, Chile and Mexico offer cause for some optimism too, even if implementing them may be long and fraught. These elements should be supportive of the region's long-term growth, although financial markets currently seem more fixated on short-term challenges.

Aberdeen Asset Managers Limited
30 April 2015

Interim Board Report

Going Concern

The Company's assets consist of a diverse portfolio of listed equities, equity-related investments and fixed income investments which in most circumstances are realisable within a very short timescale. The Directors believe therefore that the Company has adequate financial resources to continue its operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Half Yearly Report.

Related Party Transactions

There have been no related party transactions that have had a material effect on the financial position of the Group during the period. Transactions with Aberdeen are disclosed in Note 11.

Directors' Responsibility Statement

The Directors are responsible for preparing this Half Yearly Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- the interim financial statements contained within the financial report which has been prepared in accordance with IAS34 "Interim Financial Reporting" and gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and,

- the Half Yearly 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 any changes to those described in the Annual Report.

Principal Risks and Uncertainties

The Board regularly reviews the principal risks and uncertainties which it has identified together with the delegated controls it has established to manage the risks and address the uncertainties:

Investment Strategy Risk

The Company's investment strategy requires investment in equity and fixed income markets, which may lead to loss of capital. Separately, inappropriate asset allocation or levels of gearing, as part of the investment strategy adopted by the Company, may result in underperformance against either the Company's benchmark index, leading to a widening of the discount at which the Company's shares trade.

The Board seeks to manage these risks by diversifying its investments, as set out in the investment restrictions and guidelines agreed with Aberdeen, and on which the Company receives regular monitoring reports from Aberdeen. At each Board meeting, the Directors review the investment process with Aberdeen by assessing relevant management information including revenue forecasts, absolute/relative performance data, attribution analyses and risk reports.

Income and Dividend Risk

There is a risk that the Company fails to generate sufficient income from its investment portfolio, particularly in periods of weak equity or fixed income markets, to meet its operational expenses which results in it drawing upon, rather than replenishing, its revenue reserves. This might hamper the Company's capacity to pay dividends to Ordinary Shareholders. The Board monitors this risk through the review of income forecasts, provided by Aberdeen, at each Board meeting.

Discount Volatility

Investment company shares tend to trade at discounts to their underlying net asset values, although they can also trade at premia. Discounts and premia can fluctuate considerably. In order to seek to minimise the impact of such fluctuations, where the shares are trading at a significant discount, the Company operates a share buy-back programme. If the shares trade at a premium, the Company has the authority to issue new shares or to sell shares from treasury. Whilst these measures seek to minimise volatility, it cannot be guaranteed that they will do so.

Foreign Currency Risk

The Group's investment portfolio is invested in Latin American securities and the value of the Group's investments and the income derived from them will, therefore, be affected by movements in foreign exchange rates. In addition, the earnings of the investments may be affected by currency movements which could have an impact on performance. Borrowings are drawn in dollars and are at least matched by dollar denominated investments in the portfolio to form a natural hedge.

Operational Risk

In common with other investment companies, the Company has no employees. The Company therefore relies on services provided by third parties, including Aberdeen in particular, to whom responsibility for the management of the Company has been delegated under a management agreement (the "Management Agreement"). The terms of the Management Agreement cover the necessary duties and responsibilities expected of Aberdeen. The Board reviews the overall performance of Aberdeen on a regular basis and compliance with the Management Agreement on an annual basis.

Contracts with other third party providers, including share registrar and custodial services, are entered into after appropriate due diligence. Thereafter, each contract, and the performance of the provider, is subject to regular review. The security of the Company's assets is the responsibility of the custodian, BNP Paribas Securities Services SA Jersey Branch, as custodian. The effectiveness of the internal controls of the custodian is subject to review and regular reporting to the Audit Committee.

Regulatory Risk
The Company operates in a complex regulatory environment and faces a number of related risks. A breach of regulations, such as the United Kingdom Listing Authority's Listing Rules or Jersey law could lead to suspension from the LSE and reputational damage. Aberdeen monitors compliance with these regulations.

Political & Market Risk
Investment in the Latin American region involves greater risks not typically associated with investment in more developed securities markets. Stockmarket movements and changes in economic conditions (including, for example, interest rates, foreign exchange rates and rates of inflation), industry conditions, competition, political and diplomatic events, tax or other laws, investors' perceptions and other factors can substantially and either adversely or favourably affect the value of the securities in which the Company invests and, therefore, the Company's performance and prospects.

An explanation of other risks relating to the Company's investment activities, specifically market risk including interest rate risk, foreign currency risk and other price risk, liquidity risk, credit risk, gearing risk and a note of how these risks are managed, is contained in the Annual Report for the year ended 31 August 2014 within note 15 on pages 50 to 56.

For and on behalf of the Board of Aberdeen Latin American Income Fund Limited

Richard Prosser
Chairman
30 April 2015

Investment Portfolio – Equities

As at 28 February 2015

Company	Country	Valuation £'000	Total portfolio %
Banco Bradesco ADR	Brazil	2,239	4.0
Itau Unibanco Holdings ADR	Brazil	1,690	3.0
Fomento Economico Mexicano ADR	Mexico	1,387	2.5
Vale ADR	Brazil	1,375	2.5
Lojas Renner	Brazil	1,113	2.0
Multiplan Empreendimentos	Brazil	1,112	2.0
Grupo Financiero Banorte	Mexico	1,108	2.0
Ambev	Brazil	1,067	1.9
Ultrapar Participacoes ADR	Brazil	910	1.6
Wal-Mart de Mexico	Mexico	845	1.5
Top ten equity investments		**12,846**	**23.0**
Banco Santander-Chile ADR	Chile	761	1.4
Brasil Foods Sponsored ADR	Brazil	749	1.3
Grupo Aeroportuario del Centro Nort ADR	Mexico	672	1.2
Embotelladora Andina Pref A	Chile	655	1.2
Grupo Aeroportuario de Sureste	Mexico	644	1.2
Tenaris ADR	Argentina	636	1.1
Arezzo Industria e Comercio	Brazil	603	1.1
S.A.C.I. Falabella	Chile	583	1.0
Cia Souza Cruz	Brazil	580	1.0
Natura Cosmeticos	Brazil	579	1.0
Top twenty equity investments		**19,308**	**34.5**
BM&FBovespa	Brazil	498	0.9
Vale Preference ADR	Brazil	429	0.8
Grupo Bancolombia	Colombia	423	0.8
Parque Arauco	Chile	422	0.7
Grana y Montero	Peru	422	0.7
Wilson, Sons	Brazil	418	0.7
Kimberly-Clark de Mexico	Mexico	407	0.7
Almacenes Exito	Colombia	394	0.7
Localiza Rent A Car	Brazil	383	0.7
Organizacion Soriana	Mexico	376	0.7
Top thirty equity investments		**23,480**	**41.9**
OdontoPrev	Brazil	364	0.6
WEG	Brazil	335	0.6
TOTVS	Brazil	334	0.6
Iguatemi Empressa De Shopping	Brazil	331	0.6
Grupo Fin Santander	Mexico	293	0.5
Cia Hering	Brazil	284	0.5
Arca Continental	Mexico	275	0.5
Valid Solucoes e Servicos de Seguranca	Brazil	270	0.5
Bradespar	Brazil	261	0.5
Total equity investments		26,227	46.8

Investment Portfolio – Bonds

As at 28 February 2015

Fixed Interest	Valuation £'000	Total portfolio %
Brazil (Fed Rep of) 10% 01/01/17	8,816	15.8
Uruguay (Rep of) 5% 14/09/18	5,270	9.4
Colombia (Rep of) 9.85% 28/06/27	4,673	8.3
Mexico (United Mexican States) 8% 07/12/23	2,680	4.8
Mexico (United Mexican States) 7.5% 03/06/27	2,160	3.9
Brazil (Fed Rep of) 10% 01/01/18	1,153	2.1
Brazil (Fed Rep of) 10% 01/01/21	1,118	2.0
Uruguay (Rep of) 4.25% 05/04/27	954	1.7
Mexico (United Mexican States) 7.75% 14/12/17	933	1.7
Peru (Rep of) 7.84% 12/08/20	663	1.2
Peru (Rep of) 6.95% 12/08/31	578	1.0
Peru (Rep of) 6.95% 12/08/31 REGS	504	0.9
Mexico (United Mexican States) 4.5% 22/11/35	209	0.4
Total value of Bonds	29,711	53.2
Total investments[A]	55,938	100.0

[A]Reflects investee holdings of both the parent company (Aberdeen Latin American Income Fund Limited) and its subsidiary company (Aberdeen Latin American Income Fund LLC).

Distribution of Investments

As at 28 February 2015

Country	Equity %	Bonds %	Total %
Argentina	1.1	–	1.1
Brazil	28.5	19.8	48.3
Chile	4.3	–	4.3
Colombia	1.5	8.4	9.8
Mexico	10.7	10.8	21.6
Peru	0.7	3.1	3.8
Uruguay	–	11.1	11.1
	46.8	53.2	100.0

Statement of Comprehensive Income

	Notes	Six months ended 28 February 2015 (unaudited) Revenue £'000	Capital £'000	Total £'000	Six months ended 28 February 2014 Restated (unaudited) Revenue £'000	Capital £'000	Total £'000	Year ended 31 August 2014 Restated (unaudited) Revenue £'000	Capital £'000	Total £'000
Income										
Income from investments	3	924	–	924	969	–	969	2,001	–	2,001
Interest income		–	–	–	1	–	1	2	–	2
Total income		924	–	924	970	–	970	2,003	–	2,003
Gains/(losses) on financial assets held at fair value through profit or loss		681	(11,902)	(11,221)	739	(6,819)	(6,080)	1,597	2,974	4,571
Currency (losses)/gains		–	(600)	(600)	–	668	668	–	494	494
		1,605	(12,502)	(10,897)	1,709	(6,151)	(4,442)	3,600	3,468	7,068
Expenses										
Investment management fee		(121)	(182)	(303)	(132)	(196)	(328)	(263)	(394)	(657)
Other operating expenses	4	(246)	–	(246)	(247)	–	(247)	(480)	–	(480)
Profit/(loss) before finance costs and taxation		1,238	(12,684)	(11,446)	1,330	(6,347)	(5,017)	2,857	3,074	5,931
Finance costs		(21)	(32)	(53)	(27)	(40)	(67)	(54)	(82)	(136)
Profit/(loss) before taxation		1,217	(12,716)	(11,499)	1,303	(6,387)	(5,084)	2,803	2,992	5,795
Taxation		(27)	–	(27)	(30)	–	(30)	(96)	–	(96)
Profit/(loss) for the period		**1,190**	**(12,716)**	**(11,526)**	**1,273**	**(6,387)**	**(5,114)**	**2,707**	**2,992**	**5,699**
Earnings per Ordinary share (pence)	5									
Basic and diluted		**1.81**	**(19.39)**	**(17.58)**	**1.92**	**(9.64)**	**(7.72)**	**4.11**	**4.54**	**8.65**

The profit and loss for the period is also the comprehensive income for the period.

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.

The accompanying notes are an integral part of the financial statements.

Balance Sheet

	Notes	As at 28 February 2015 (unaudited) £'000	As at 28 February 2014 Restated (unaudited) £'000	As at 31 August 2014 Restated (unaudited) £'000
Non-current assets				
Investments held at fair value through profit or loss		56,329	59,838	68,844
Current assets				
Cash		550	331	733
Forward foreign currency contracts		20	–	–
Other receivables		550	385	315
		1,120	716	1,048
Current liabilities				
Bank loan	8	(9,577)	(8,831)	(8,912)
Forward foreign currency contracts		–	(67)	(25)
Other payables		(161)	(216)	(226)
		(9,738)	(9,114)	(9,163)
Net current liabilities		(8,618)	(8,398)	(8,115)
Net assets		**47,711**	**51,440**	**60,729**
Stated capital and reserves				
Stated capital	9	65,936	65,936	65,936
Capital reserve		(18,861)	(15,296)	(6,129)
Revenue reserve		636	800	922
Equity shareholders' funds		**47,711**	**51,440**	**60,729**
Net asset value per Ordinary share (pence)	10			
Basic and diluted		**72.78**	**78.08**	**92.60**

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Equity

Six months ended 28 February 2015 (unaudited)

	Notes	Stated capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 August 2014 as restated		65,936	(6,129)	922	60,729
(Loss)/profit for the period attributable to equity holders		–	(12,716)	1,190	(11,526)
Dividends paid	6	–	–	(1,476)	(1,476)
Purchase of own shares for treasury		–	(16)	–	(16)
Balance at 28 February 2015		**65,936**	**(18,861)**	**636**	**47,711**

Six months ended 28 February 2014 (unaudited)

	Notes	Stated capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 August 2013 as restated		65,936	(8,345)	1,019	58,610
(Loss)/profit for the year attributable to equity holders		–	(6,387)	1,273	(5,114)
Dividends paid	6	–	–	(1,492)	(1,492)
Purchase of own shares for treasury		–	(564)	–	(564)
Balance at 28 February 2014		**65,936**	**(15,296)**	**800**	**51,440**

Year ended 31 August 2014 (unaudited)

	Notes	Stated capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 August 2013 as restated		65,936	(8,345)	1,019	58,610
Profit for the year attributable to equity holders		–	2,992	2,707	5,699
Dividends paid	6	–	–	(2,804)	(2,804)
Purchase of own shares for treasury		–	(776)	–	(776)
Balance at 31 August 2014		**65,936**	**(6,129)**	**922**	**60,729**

The accompanying notes are an integral part of the financial statements.

Cash Flow Statement

	Six months ended 28 February 2015 (unaudited) £'000	Six months ended 28 February 2014 Restated (unaudited) £'000	Year ended 31 August 2014 Restated (unaudited) £'000
Operating activities			
Dividend income	215	334	879
Fixed interest income	277	510	1,018
Deposit interest	–	1	1
Investment management fee paid	(368)	(346)	(662)
Other cash expenses	(256)	(144)	(529)
Cash generated from operating activities before finance costs and taxation	(132)	355	707
Interest paid	(52)	(69)	(134)
Withholding taxes paid	(15)	(30)	(95)
Net cash (outflow)/inflow from operating activities	(199)	256	478
Cash flows from investing activities			
Purchases of investments	(4,578)	(842)	(4,584)
Sales of investments	6,045	2,866	8,306
Net cash inflow from investing activities	1,467	2,024	3,722
Cash flows from financing activities			
Equity dividends paid	(1,476)	(1,492)	(2,804)
Movement in loan balance	–	(736)	–
Repurchase of own shares	(16)	(564)	(776)
Net cash outflow from financing activities	(1,492)	(2,792)	(3,580)
Net (decrease)/increase in cash	**(224)**	**(512)**	**620**
Analysis of changes in cash during the period			
Opening balance as restated	733	181	181
(Decrease)/increase in cash as above	(224)	(512)	620
Effect of foreign exchange rate changes	41	662	(68)
Cash at end of period	**550**	**331**	**733**

Notes to the Financial Statements

1. Principal activity

The Company is a closed-end investment company incorporated in Jersey, and its shares are traded on the London Stock Exchange and are listed in the premium segment of the Financial Conduct Authority's Official List.

2. Accounting policies – basis of preparation

The Half–Yearly Report has been prepared in accordance with International Accounting Standards (IAS) 34 – 'Interim Financial Reporting'. It has also been prepared using the same accounting policies applied for the year ended 31 August 2014 financial statements (which received an unqualified audit report), and which were prepared in accordance with IFRS with the following exception;

IFRS 10 Consolidated Financial Statements – Consolidation relief for Investment Entities

The Company has adopted the Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27 (2012) (the 'Amendments')) with an initial application of 1 September 2013 as it meets the definition of an investment entity. As a result, the Company has changed its policy for accounting for its investment in the wholly-owned subsidiary, Aberdeen Latin American Income Fund LLC ("ALAI LLC"), to measure it as a financial asset at fair value through profit or loss. Accordingly, intercompany balances relating to the loan provided to ALAI LLC and the Company's investment in ALI LLC have been measured at fair value through profit or loss. Assets and liabilities as well as revenue and expenses of ALAI LLC are reflected in the fair value movement of the investment. To accurately reflect the economic arrangement between the Company and ALAI LLC the revenue earned by ALAI LLC has been treated as revenue in the Statement of Comprehensive Income. Before adoption of the amendments as required under IFRS 10, the Company consolidated its subsidiary.

In accordance with the transitional provisions of the Amendments, the Company has applied the new accounting policy retrospectively and restated comparative information.

The impact of these changes on the Company's Balance Sheet is to increase the value of the investment in the subsidiary at 28 February 2014 by £434,000 (31 August 2014 – £364,000), to decrease the cash by £211,000 (31 August 2014 – £128,000) and to decrease other receivables by £223,000 (31 August 2014 – £236,000). The impact of these changes on the Company's Statement of Comprehensive Income is to decrease income from investments for the six months ended 28 February 2014 by £739,000 (year ended 31 August 2014 – £1,597,000) and to increase the fair value movements of financial assets held fair value through profit or loss for the six months ended 28 February 2014 by £739,000 (year ended 31 August 2014 – £1,597,000). The change in accounting policy resulted, in aggregate, in no adjustment to the net assets attributable to holders of the Company's shares.

The financial statements have been prepared under a going concern basis. In accordance with the Financial Reporting Council's guidance on 'Going Concern and Liquidity Risk' issued in October 2009 the Directors have undertaken a review of the Company's assets which primarily consist of a diverse portfolio of listed equity shares, equity-related investments and fixed income investments which, in most circumstances, are realisable within a very short timescale.

	Six months ended 28 February 2015	Six months ended 28 February 2014 Restated	Year ended 31 August 2014 Restated
3. Income from investments	**£'000**	**£'000**	**£'000**
Dividend income	268	368	823
Fixed interest income	656	601	1,178
	924	**969**	**2,001**

4. Other operating expenses – revenue	Six months ended 28 February 2015 £'000	Six months ended 28 February 2014 £'000	Year ended 31 August 2014 £'000
Directors' fees	42	42	85
Secretarial and administration fees	57	56	112
Promotional activities	25	26	53
Auditor's remuneration	14	12	28
Custodian and overseas agents' charges	39	34	72
Other	69	77	130
	246	**247**	**480**

5. Earnings per share	Six months ended 28 February 2015 p	Six months ended 28 February 2014 p	Year ended 31 August 2014 p
Ordinary share – basic			
Revenue return	1.81	1.92	4.11
Capital return	(19.39)	(9.64)	4.54
Total return	**(17.58)**	**(7.72)**	**8.65**

The figures above are based on the following:

	£'000	£'000	£'000
Revenue return	1,190	1,273	2,707
Capital return	(12,716)	(6,387)	2,992
Total return	**(11,526)**	**(5,114)**	**5,699**
Weighted average number of Ordinary shares in issue	**65,575,533**	**66,240,034**	**65,921,981**

There is no dilutive impact on the returns per Ordinary share in any of the periods under IAS 33 "Earnings per Share", arising from the exercise of the Subscription shares, as the average Ordinary share price over each period was less than the 120p price at which shares may be subscribed for.

6. Dividends on Ordinary shares	Six months ended 28 February 2015 £'000	Six months ended 28 February 2014 £'000	Year ended 31 August 2014 £'000
Distributions to equity holders in the period:			
First interim dividend for 2015 – 1.00p (2014 – 1.00p)	656	660	660
Second interim dividend for 2014 – 1.00p	–	–	656
Third interim dividend for 2014 – 1.00p	–	–	656
Fourth interim dividend for 2014 – 1.25p (2013 – 1.25p)	820	832	832
	1,476	**1,492**	**2,804**

7. Transaction costs

During the period expenses incurred in acquiring or disposing of investments classified as fair value though profit or loss have been expensed through the capital column of the Statement of Comprehensive Income, included within (losses)/gains on investment held at fair value through profit or loss. The total costs were as follows:

	Six months ended 28 February 2015 £'000	Six months ended 28 February 2014 £'000	Year ended 31 August 2014 £'000
Purchases	3	3	5
Sales	4	2	4
	7	**5**	**9**

8. Bank loan

The Company has a £10 million revolving multi–currency facility with Scotiabank Europe plc. At the period end, US$14,800,000 (28 February 2014 – US$14,800,000; 31 August 2014 – US$14,800,000), equivalent to £9,577,000 (28 February 2014 – £8,831,000; 31 August 2014 – £8,912,000) had been drawn down under the facility, fixed to 17 March 2015 at an all–in rate of 1.1238% (28 February 2014 – 1.4073%; 31 August 2014 – 1.1068%).

At the date of this Report, US$13,300,000 remains drawn down, fixed to 18 May 2015 at an all-in rate of 1.1322%.

9. Stated capital

	28 February 2015		28 February 2014		31 August 2014	
	Number	£'000	Number	£'000	Number	£'000
Issued and fully paid						
Ordinary shares in issue	65,557,824	65,389	65,877,674	65,389	65,582,674	65,389
Ordinary shares held in Treasury	1,015,000	–	695,000	–	990,000	–
Subscription shares	10,420,986	547	10,421,136	547	10,421,136	547
		65,936		**65,936**		**65,936**

The Company's Ordinary shares have no par value.

During the period ended 28 February 2015, 25,000 (28 February 2014 – 695,000, 31 August 2014 – 990,000) Ordinary shares were bought back at a total cost of £16,000 (28 February 2014 – £564,000, 31 August 2014 – £776,000) including expenses, all of which were placed in treasury. At 28 February 2015 there were 1,015,000 (28 February 2014 – 695,000, 31 August 2014 – 990,000) Ordinary shares held in treasury, which represented 1.52% (28 February 2014 – 1.04%, 31 August 2014 – 1.49%) of the Company's total issued share capital at that date.

During the period ended 28 February 2015, 150 Subscription shares were converted in to Ordinary shares, for a total consideration of £180. Each Subscription share confers the right to convert such share into one Ordinary share on 31 December in any of the years 2013 to 2015 (inclusive) at a price of 120p per share.

10. Net asset value per share

Ordinary share

The basic net asset value per Ordinary share and the net asset values attributable to Ordinary shareholders at the period end calculated in accordance with the Articles of Association were as follows:

Basic	As at 28 February 2015	As at 28 February 2014	As at 31 August 2014
Attributable net assets to Ordinary shareholders (£'000)	47,711	51,440	60,729
Number of Ordinary shares in issue	65,557,824	65,877,674	65,582,674
Net asset value per Ordinary share (p)	72.78	78.08	92.60

The diluted net asset value per Ordinary share is calculated by reference to the total number of Ordinary shares in issue at the period end and on the assumption that the Subscription shares which are not subscribed at the period end were subscribed on the first day of the financial period at 120p per share. There is no dilutive impact on the net asset value in either period as the basic net asset value is less than the price at which shares may be subscribed for.

11. Transactions with the Manager

Mr Gilbert is a director of Aberdeen Asset Management PLC, of which Aberdeen Private Wealth Management Limited ('APWM') is a subsidiary. Management, secretarial and administration services are provided by APWM. Mr Gilbert does not charge a fee for providing his services as a director of 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 £303,000 (28 February 2014 – £328,000; 31 August 2014 – £657,000) of management fees were payable, of which £48,000 (28 February 2014 – £100,000; 31 August 2014 – £113,000) was outstanding at the period end.

During the period fees in respect of promotional activities of £25,000 (28 February 2014 – £26,000; 31 August 2014 – £53,000) were payable with £20,000 (28 February 2014 – £9,000; 31 August 2014 – £9,000) outstanding at the period end.

The company secretarial and administration fee is based on an annual amount of £114,000 (28 February 2014 – £112,000; 31 August 2014 – £112,000), increased annually in line with any increases in the UK Retail Price Index, payable quarterly in arrears. During the period £57,000 (28 February 2014 – £56,000; 31 August 2014 – £112,000) of fees were payable, with £19,000 (28 February 2014 – £19,000; 31 August 2014 – £19,000) being outstanding at the period end.

12. Half-Yearly Financial Report

The financial information for the six months ended 28 February 2015 and for the six months ended 28 February 2014 has not been audited. Additionally, adjustments arising from the restatement of financial information for the year ended 31 August 2014 have not been audited.

This Half-Yearly Financial Report was approved by the Board on 30 April 2015.

How to Invest in Aberdeen Latin American Income Fund Limited

Direct

Investors can buy and sell Ordinary shares in Aberdeen Latin American Income Fund Limited (the "Company") directly through a stockbroker or indirectly through a lawyer, accountant or other professional adviser. Many have online facilities. Alternatively, for retail clients, shares may be bought directly through Aberdeen's Investment Plan for Children, Investment Trust Share Plan and Investment Trust ISA.

Suitable for Retail/NMPI Status

The Company's securities are intended for investors primarily in the UK (including retail investors), professional-advised private clients and institutional investors who are wanting to benefit from the growth prospects of Latin American companies by investment in an investment company and who understand and are willing to accept the risks of exposure to equities and bonds. Investors should consider consulting a financial adviser who specialises in advising on the acquisition of shares and other securities before acquiring shares. Investors should be capable of evaluating the risks and merits of such an investment and should have sufficient resources to bear any loss that may result.

The Company currently conducts its affairs so that the shares issued by Aberdeen Latin American Income Fund Limited can be recommended by a financial adviser to ordinary retail investors in accordance with the Financial Conduct Authority's rules in relation to non-mainstream pooled investments (NMPIs) and intends to continue to do so for the foreseeable future.

The Company's shares are excluded from the Financial Conduct Authority's restrictions which apply to non-mainstream pooled investments because the Company would qualify as an investment trust if the Company were incorporated in the UK.

Aberdeen's Investment Plan for Children

Aberdeen Asset Managers Limited ("AAM") runs an Investment Plan for Children (the "Children's Plan") which covers a number of investment companies under its management including Aberdeen Latin American Income Fund Limited. Anyone can invest in the Children's Plan, including parents, grandparents and family friends (subject to the eligibility criteria as stated within the terms and conditions). 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. 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.

Aberdeen's Investment Trust Share Plan

Aberdeen runs a Share Plan (the "Plan") through which Ordinary shares in the Company can be purchased. There are no dealing charges on the initial purchase of Ordinary 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. 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.

Aberdeen's Investment Trust ISA

An investment of up to £15,240 can be made in the tax year 2015/16.

There are no brokerage or initial charges for the ISA, although investors will suffer the bid-offer spread, which can be a significant amount. Selling costs are £15 + VAT. The annual ISA administration charge is £24 + VAT, calculated annually and applied on 31 March (or the last business day in March) and collected soon thereafter either by direct debit or, if there is no valid direct debit mandate in place, from the available cash in the Plan prior to the distribution or reinvestment of any income, or, where there is insufficient cash in the Plan, from the sale of investments held in the Plan. Under current legislation, investments in ISAs can grow free of capital gains tax.

Nominee Accounts and Voting Rights

In common with other schemes of this type, all investments in AAM's Investment Trust Share Plan, Investment Plan for Children and Investment Trust ISA are held in nominee accounts and investors have full voting and other rights of share ownership.

ISA Transfer

Investors can choose to transfer previous tax year investments to AAM which can be invested in Aberdeen Latin American Income Fund Limited while retaining their ISA wrapper. The minimum lump sum for an ISA transfer is £1,000 and is subject to a minimum per trust of £250.

Note

Please remember that past performance is not a guide to the future. Stock market and currency movements may cause the value of shares and the income from them to fall as well as rise and investors may not get back the amount they originally invested.

As with all equity investments, the value of investment trusts purchased will immediately be reduced by the difference between the buying and selling prices of the shares, the market maker's spread.

Investors should further bear in mind that the value of any tax relief will depend on the individual circumstances of the investor and that tax rates and reliefs, as well as the tax treatment of ISAs may be changed by future legislation.

Further Information

If investors would like details of Aberdeen Latin American Income Fund Limited or information on the Investment Plan for Children, Share Plan or ISA please telephone 0500 00 00 40, e-mail to inv.trusts@aberdeen-asset.com or write to:

Aberdeen Investment Trust Administration
PO Box 11020
Chelmsford
Essex, CM99 2DB

Details are also available on www.invtrusts.co.uk.

Terms and Conditions for Aberdeen managed savings products can also be found under the Literature section of our website at www.invtrusts.co.uk.

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.latamincome.co.uk) and the TrustNet website (www.trustnet.co.uk).

Alternatively you can 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

Customer Services

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

Aberdeen Investment Trust Administration
P O Box 11020,
Chelmsford,
Essex, CM99 2DB

Online Dealing Providers

Investor information
There are a number of other ways in which you can buy and hold shares in this investment company.

Online dealing
There are a number of online dealing platforms for private investors that offer share dealing, ISAs and other means to invest in the company. Real-time execution-only stockbroking services allow you to trade online, manage your portfolio and buy UK listed shares. These sites do not give advice. Some comparison websites also look at dealing rates and terms. Some well-known online providers, which can be found through internet search engines, include:

AJ Bell You Invest
Alliance Trust Savings
Barclays Stockbrokers
Charles Stanley Direct
Halifax Share Dealing
Hargreave Hale
Idealing
Selftrade
The Share Centre
Stocktrade
Hargreaves Lansdown
TD Direct
Interactive Investor

Discretionary private client stockbrokers
If you have a large sum to invest, you may wish to contact a discretionary private client stockbroker. They can manage your entire portfolio of shares and will advise you on your investments. To find a private client stockbroker visit the Wealth Management Association at www.thewma.co.uk

Independent financial advisers
To find an adviser who recommends on investment trusts, visit www.unbiased.co.uk

Regulation of stockbrokers
Before approaching a stockbroker, always check that they are regulated by the Financial Conduct Authority: Tel: 0800 111 6768 or at www.fca.org.uk/firms/systems-reporting/register/search
Email: register@fca.org.uk

The information above has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000 (as amended by the Financial Services Act 2012) by Aberdeen Asset Managers Limited which is authorised and regulated by the Financial Conduct Authority.

Corporate Information

Directors

Richard Prosser, Chairman
Jeremy Arnold, Audit Committee Chairman
Martin Adams
George Baird
Martin Gilbert

Investment Manager

Aberdeen Asset Managers Limited
Bow Bells House
1 Bread Street
London EC4M 9HH

Manager, Secretary & Registered Office

Aberdeen Private Wealth Management Limited
1st Floor, Sir Walter Raleigh House
48 – 50 Esplanade
St Helier
Jersey JE2 3QB

Registered in Jersey with number 106012

United Stated Internal Revenue Service FATCA Registration Number (GIIN)

9HSG0J.99999.SL.832

Registrars and Transfer Agents

Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street
St Helier
Jersey JE1 1ES

Tel: +44 (0) 870 707 4040
Fax: +44 (0) 870 873 5851
Tel International: (+44 208 639 3399)

Calls from some landline providers cost no more than a geographic rate call (01 or 02) up to 10p plus a call set up fee (in some cases) and may count towards any inclusive minutes in the same way. Calls from other landline providers typically cost up to 12p per minute. From mobile networks calls cost between 5p and 40p per minute

Corporate Broker

Cantor Fitzgerald Europe
One Churchill Place
Level 20
Canary Wharf
London E14 5RB

Lending Bank

Scotiabank Europe plc
Scotia House
201 Bishopsgate, 6th Floor
London EC2M 3NS

Solicitors

Shepherd and Wedderburn LLP
1 Exchange Crescent
Conference Square
Edinburgh EH3 8UL

Jersey Lawyers

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

Independent Auditor

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

Custodian

BNP Security Services S.A. Jersey Branch

Website

www.latamincome.co.uk

Aberdeen