Aberdeen Latin American Income Fund Limited

Half Yearly Report
for the six months ended 28 February 2014

Aberdeen

Contents

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 America.

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

Highlights and Financial Calendar

Financial Highlights

	28 February 2014	31 August 2013	% change
Total assets (£'000)	60,271	68,177	–11.6
Equity shareholders' funds (£'000)	51,440	58,610	–12.2
Net asset value per Ordinary share	78.08p	88.04p	–11.3
Ordinary share price (mid-market)	72.00p	86.00p	–16.3
Subscription share price (mid-market)	3.05p	7.50p	–59.3
Discount to net asset value on Ordinary shares	7.8%	2.3%	

Performance (total return[A])

	Six months ended 28 February 2014	Year ended 31 August 2013
Ordinary share net asset value	–9.1%	–6.7%
Ordinary share price	–14.0%	–4.7%
Composite MSCI EM Latin American 10/40 Index/JP Morgan GBI-EM Global Diversified Index (Latin America carve out)(sterling adjusted)	–7.2%	–7.0%

Source: Aberdeen Asset Management, JP Morgan, Lipper and Morningstar.

[A]Total return represents the capital return plus dividends reinvested.

Financial Calendar

31 January 2014	First interim dividend paid
April 2014	Announcement of Half-Yearly results for the six months ended 28 February 2014
April 2014	Half-Yearly Report posted to shareholders
30 April 2014	Payment of second interim dividend
31 July 2014	Payment of third interim dividend
31 August 2014	Year end
October 2014	Announcement of results for the year ending 31 August 2014
31 October 2014	Payment of fourth interim dividend
31 December 2014	Second subscription date to exercise Subscription shares (optional)

Interim Board Report – Chairman's Statement

Performance and Overview

In the previous reporting period Latin America was struck by the financial turmoil that hit the broader emerging markets. When the US Federal Reserve first hinted at scaling back its bond purchases, the prospect of higher yields in developed countries reversed the flood of capital that had poured into emerging markets. Currencies across the developing world tumbled in value and countries that were reliant on foreign inflows were hit particularly hard. Through this six month review period Latin American stockmarkets suffered a similar fate, caused by the US central bank's decision to go ahead with its long-awaited tapering in January. Towards the period-end, equities rebounded as the Fed's new chairman, Janet Yellen, pledged to maintain a loose monetary policy. The gains, however, failed to reverse earlier losses.

The economic backdrop offered little respite. Growth across the region languished amid muted external demand and softer commodity prices. Mexico's economy, which had previously proved resilient, slowed markedly. Exports to the US, its key trading partner, stagnated while government spending was delayed. A contraction in the domestic construction industry further depressed growth. Brazil's slowdown was partly due to poor policymaking and inadequate investment. As a result the economy has suffered from infrastructure bottlenecks and rising inflation. With budget cuts looming and tighter monetary policy to contend with, the pace of expansion is unlikely to pick up significantly, even though the economy avoided a recession in the second-half of 2013. In Argentina currency controls, costly energy and transportation subsidies and unpredictable government policies hampered growth. Although Chile's economy expanded at a faster rate than Brazil and Mexico, growth has moderated. Prices for copper, which makes up more than half of Chile's exports, have dropped as China's appetite for the commodity waned. The currency's weakness is expected to dampen growth further as consumption of imported goods shrinks.

Against this background, in the six month period ended 28 February 2014, the NAV total return (capital return plus dividends reinvested) in sterling terms was -9.1% which underperformed our composite benchmark total return of -7.2% for the same period. The Ordinary shares delivered a share price total return of -14.0% for the six months and having traded at a discount, the Company has been active in the secondary market. During the six month period we bought back 695,000 shares at a cost of £563,000 which are currently held in treasury. An additional 270,000 shares have been bought back since the period end and are also held in treasury.

Dividends

Income returns have continued to be broadly in line with expectations and we have declared a second interim dividend of 1p per Ordinary share payable on 30 April 2014 to Ordinary shareholders on the register on the record date of 4 April 2014. It remains the Company's aim to pay a minimum aggregate dividend of 4.25 pence per share for the year ending 31 August 2014 and to grow dividends over time. This remains subject to investee company performance, the level of income from investments, currency movements and possible unforeseen circumstances and does not constitute a profit forecast.

Gearing

We have maintained gearing in the portfolio throughout the period and as at 28 February 2014 we had borrowings of US$14,800,000 drawn under the £10 million multi-currency revolving credit facility which is available until August 2014. The Directors are of the opinion that a replacement facility can be negotiated on suitable commercial terms.

Outlook

Regional stockmarkets have steadied somewhat after a shaky start to 2014, but the Fed's ongoing reduction of its monetary stimulus and its future policy actions are likely to continue influencing market sentiment. A further slowdown in Chinese growth could also add to market volatility. Within the region, investor attention will likely be focused on Brazil and Colombia, where both incumbent presidents are seeking re-election. But while Colombian president Juan Manuel Santos's electoral chances are boosted by robust economic growth, record-low unemployment and the absence of significant political scandals, his counterpart in Brazil faces the challenge of convincing an increasingly sceptical electorate that the economy can return to better health. President Dilma Rousseff, or whoever wins the election, will have to increase taxes, make deep budget cuts, and come up with other concrete measures to address Brazil's financial imbalances.

Progress on much-needed reforms in Brazil has disappointed and since the period end, Standard & Poor's (S&P) has downgraded Brazil's sovereign external debt risk rating from BBB to BBB-. Our Manager has advised however that critically S&P changed their outlook from negative to stable and that neither the bond market nor the currency market reacted to the downgrade, confirming that it had been expected in the market. The rationale for moving the outlook to stable rested on Brazil's institutional, fiscal and external balance sheet strength and its large and diversified economy. Mexico's progress on the reform front has been especially encouraging. The slew of reforms, notably the opening of the energy sector to private investment after seven decades of state dominance, is expected to attract more investment inflows and revive growth. The recent upgrade of the country's sovereign domestic debt rating is a reflection of optimism over these reforms. Mexico is now only the second (Chile is the other) in Latin America with an "A" rating. A planned increase in government spending, previously delayed by the transition to a new presidential administration, will further bolster economic prospects. Meanwhile Chilean president Michelle Bachelet, who returned to office for a second term, has promised to forge ahead with tax reforms – including a corporate tax hike to finance plans to provide universal education – despite the economic slowdown.

In the long run, the region's fundamentals should remain supportive of growth. In general governments have relatively low levels of debt compared to the more developed economies. Demographics are favourable, while increasing consumer wealth is driving growth in domestic demand. Potential growth rates, despite being downgraded in recent months, also compare favourably against many of their developed counterparts. At the corporate level, many of the investments within the portfolio are also adjusting to a weaker environment. Earnings growth is expected to improve while valuations remain compelling. Your Manager continues to focus on companies with sustainable business models and to invest for the longer term.

Richard Prosser
Chairman
3 April 2014

Interim Board Report – Investment Manager's Review

Performance Commentary

During the period under review, the equity portfolio fell by 11.75% in sterling terms, underperforming the benchmark MSCI Emerging Markets Latin America 10/40 Index's decline of 9.60%. Stock selection detracted, but positive asset allocation pared losses. Notably, the underweight to Colombia contributed to relative return. The Colombian market fell amid concerns over the surge in rebel attacks on key infrastructure, despite stable economic data and benign inflation.

In selection terms, Brazil and Mexico detracted. In Brazil, cosmetics company Natura's profitability was hurt by increased marketing spending to fend off competition. The company is incorporating new technologies into its business model to help enhance sales. Despite execution risks, we think the opportunities are attractive. Fashion retailer Hering posted lacklustre results that reflected lower margins on the back of rising wages and raw material costs. However, we believe these issues are cyclical and its long-term prospects remain intact. Oil company Petrobras continued to lag. The government's mandate to sell fuel at fixed prices in the domestic market below international levels is hindering the company's refining business. It has cut its investment spending as petrol subsidies hurt profits. Meanwhile, our decision not to hold Mexican companies Televisa and Cemex detracted as they outperformed. We do not hold them as we believe that we can find better higher quality companies elsewhere in Mexico.

On a positive note, Brazilian lender Bradesco contributed to performance as management reported stable asset quality, while the Supreme Court suspended judgment on a lawsuit by depositors. Miner Vale continued to deliver on its plan to focus on its core business, which was buttressed by effective cost controls and better iron ore prices. It also agreed to pay about US$10 billion to settle a dispute over back taxes. We view this positively as the amount is far lower than the initial US$14 billion claimed. The tax payment will be financed by operating cash flow and will not require it to increase borrowings nor cut dividends. Mexican lender Banorte delivered robust results and said that it would pay out more cash as dividends due to a tax ruling.

The fixed income portfolio returned -2.75% in the six month period compared to the benchmark total return of -3.70%. The relative outperformance came substantially from not having exposure to Columbia which underperformed the benchmark.

Portfolio Activity

During the half year, we initiated a position in Chilean mall operator Parque Arauco and Peru-based infrastructure company Grana y Montero, owing to their attractive valuations and solid growth prospects. Parque Arauco has a strong presence in the domestic market, providing shopping, entertainment and eating facilities. It is also expanding across Latin America, particularly in Peru and Colombia, and is well placed to take advantage of rising wealth across the region. Grana y Montero has a healthy balance sheet that will allow it to tap significant infrastructure opportunities in Peru. It has proven its ability to follow through with its plans and is a best-in-class operator in the region.

We also added to a number of holdings on the back of share price weakness as we remained upbeat about their growth potential. These included Brazilian shoe retailer Arezzo and fashion retailer Hering. Conversely, we pared Ultrapar, which distributes petrochemicals and gas, and Tenaris, a specialist pipe maker for the energy sector, after their strong runs.

In the fixed income portfolio, we reduced the weighting to Mexico and added to Brazil and Peru for the yield pick up.

Country Overview

Brazil grew by 1.9% year-on-year (yoy) in the fourth quarter of 2013, which was higher than the market expected, and pushed full year growth to 2.3% yoy. Improved manufacturing and agricultural output as well as investment growth were the key drivers over the quarter. On the other hand, the country's fiscal accounts deteriorated in 2013 as the primary surplus dropped to 1.9% of GDP from 2.4% in 2012, while the fiscal deficit increased to -3.3% of GDP from -2.5% a year earlier. The government is now faced with a tough task to reach its fiscal target for 2014 and since the period end, Standard & Poor's (S&P) has downgraded Brazil's sovereign external debt risk rating to BBB- with a stable outlook. This was based on fiscal slippages due to a weakening in fiscal policies over recent years and successive downward revisions to fiscal targets.

Mexico unveiled further reform measures in December, as the Senate approved the political and electoral reform while the Federal Congress passed the energy reform bill. S&P upgraded Mexico's sovereign domestic debt rating by one notch to A citing the energy reform bill as a "watershed moment" for the country. Furthermore, it is hoped the approval of a new financial reform act will accelerate the pace of lending towards the second half of the year. In terms of data, the country's trade balance was disappointing at the end of January, printing a deficit of US$3.2 billion compared to market expectations of a modest surplus.

In Uruguay, inflation continued to print above the central bank's target, rising to 9.1% yoy in January, the highest inflation print since October 2012. In their annual report on Uruguay the IMF cited persistent CPI pressure and upwards pressure on labour costs as the key risks to the economy. The fiscal deficit fell to 2.1% of GDP in the 12 months to January from 2.3% in full-year 2013. Elections will be held in October 2014 for both the presidency and parliament. Polls suggest that 80% expect former President Tabare Vazquez to be elected while it should be noted that current President Jose Mujica is ineligible to run due to the country's two-term limit.

Outlook

In the last decade, Latin America has witnessed the compelling combination of an expanding middle class and accelerating economy. However, growth has faltered recently. A revival in fortunes would require structural reforms, but this will take time to bear fruit. Nevertheless, we remain confident about the region's long-term outlook, supported by favourable demographics and resilient albeit moderating domestic demand. The key is for companies to refocus on core businesses and exercise prudence during the lean periods. One of our core holdings, Brazilian fashion retailer Lojas Renner, recently lowered its dividend payout to conserve cash, a decision that drew mixed responses but we wholeheartedly supported as evidence of the company's capital discipline, which will allow it to strengthen its balance sheet and meet its capex requirements. Companies such as these will be in good stead to ride the recovery when it happens. Furthermore, valuations have become attractive, which could generate buying opportunities for long-term investors like ourselves.

Aberdeen Asset Managers Limited
3 April 2014

Interim Board Report

Going Concern

The Directors believe that it is appropriate to adopt the going concern basis in preparing the financial statements. The assets of the Group consist mainly of securities that are readily realisable and, accordingly, the Group has adequate financial resources to continue in operational existence for the foreseeable future.

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 the Manager are disclosed in Note 11.

Directors' Responsibility Statement

The Directors are responsible for preparing this interim 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 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 interim financial 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.

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

Richard Prosser
Chairman
3 April 2014

Principal Risk Factors

The following risks could have a material adverse effect on the Company's financial condition, performance and prospects, the NAV of the Ordinary shares, the dividends payable per Ordinary share, the share price or liquidity of the Ordinary shares of the Company's ability to achieve its investment objective.

Ordinary Shares

The value of the Ordinary shares, and the income derived from them, can fluctuate and may go down as well as up and investors may not be able to realise the full amount of their original investment. An investment in Ordinary shares should be regarded, therefore, as medium to long term in nature and may not be suitable as a short-term investment. Notwithstanding the Board's discount management policy in respect of the Ordinary shares, the share price of the Ordinary shares may vary considerably from the NAV per Ordinary share (representing either a discount or premium to that NAV) and may fall when the NAV per Ordinary share is rising, or *vice versa*. The exercise of the conversion rights conferred by the Subscription shares will result in a dilution in the NAV per Ordinary share if the NAV per Ordinary share exceeds the price payable on the conversion of a Subscription share at the relevant time.

Subscription Shares

Subscription shares 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 Subscription shares. The market price of the Subscription shares may therefore be volatile. Although Subscription shares are tradable securities, market liquidity in the Subscription shares may be less than that of the Ordinary shares.

Dividends

The Company will only pay dividends on the Ordinary shares to the extent that it has sufficient financial resources available for the purpose in accordance with Jersey Company Law. Accordingly, there is no guarantee that the Company's dividend objective will be met and the amount of dividends paid to Ordinary shareholders may fluctuate.

Borrowings

Whilst the use of borrowings should generally 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 falling, further reducing the total return on the Ordinary shares. The use of borrowing may increase the volatility of the NAV of the Ordinary shares and the share price of the Ordinary shares and/or the Subscription shares.

Market Risks

Stockmarket movements and changes in economic conditions (including, for example, interest rates, currency rates and rates of inflation), changes in industry conditions, competition, political and diplomatic events, natural disasters, changes in laws (including taxation and regulation) investors' perceptions and other factors can substantially either adversely or favourably affect the value of the securities in which the Company invests and, therefore, the Company's financial condition, performance and prospects. Investing in the Latin American region involves greater risks and other considerations not typically associated with investment in more developed markets or economies. Such risks can generally be expected to result in increased volatility in the shares of Latin American companies and portfolios which invest in them when compared to their counterparts in developed markets. Accordingly, investment companies investing in Latin America, such as the Company, can generally be expected to display greater share price and NAV volatility than those investing in developed markets. Whilst the Company's investment policy permits it to invest across the Latin American region, investment opportunities in the region are such that the geographic exposure of the Group's portfolio may be concentrated on a relatively small number of countries from time to time.

Currency Risks

The Company accounts for its activities, reports its results and pays dividends in sterling while investments are made and realised in other currencies. Debt through a revolving credit facility may be drawn in currencies other than sterling. The movement of exchange rates between sterling and such other currencies may have a material effect, unfavourable or favourable, on the returns otherwise experienced on the Company's investments. Currency risk may increase the volatility of the NAV and share price of the Ordinary shares.

Taxation

Any change in the Company's tax status, in tax treaty rates, in taxation legislation or in the interpretation of taxation legislation or the tax treatment of dividends, interest 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 Ordinary shareholders or alter the post-tax returns to Ordinary shareholders.

Alternative Investment Fund Managers Directive

The AIFM Directive came into force on 21 July 2011 and was implemented through secondary legislation in the UK in July 2013. Under the Directive the Company constitutes a 'third country' or non-EU domiciled alternative investment fund as it is incorporated in Jersey which is not part of the EU. The AIFMD places restrictions on the marketing of shares, including shares issued by non-EU domiciled funds, to investors in the EU. In particular, under the UK's AIFMD legislation, the marketing of the Company's shares within the UK after 22 July 2014 will require registration on the UK's private placement register before any marketing may take place. It is expected that an EU wide marketing passport will be introduced in 2015, but there is no guarantee this will be available to non-EU domiciled funds. The costs for the Company of complying with the AIFMD is likely to increase, potentially by a material amount, the Company's governance and administration expenses, particularly should the Company wish to take advantage of the proposed marketing "passport" once it is introduced. The Board and the Company's advisers will continue to monitor the progress and likely implications of the AIFM Directive for the Company and, in particular, costs.

General

Past performance is not, and should not be relied upon as a guide to future performance.

Investment Portfolio – Equities

As at 28 February 2014

Company	Country	Valuation £'000	Total portfolio %
Banco Bradesco ADR	Brazil	2,797	4.7
Vale ADR	Brazil	2,657	4.5
Petroleo Brasileiro ADR	Brazil	2,257	3.8
Itau Unibanco Holdings ADR	Brazil	2,202	3.7
Grupo Financiero Banorte	Mexico	1,610	2.7
Ambev	Brazil	1,332	2.2
Fomento Economico Mexicano ADR	Mexico	1,327	2.2
Multiplan Empreendimentos	Brazil	1,233	2.1
Ultrapar Participacoes ADR	Brazil	1,203	2.0
Lojas Renner	Brazil	1,100	1.8
Top ten equity investments		**17,718**	**29.7**
Tenaris ADR	Argentina	1,076	1.8
Banco Santander-Chile ADR	Chile	863	1.4
Arezzo Industria e Comercio	Brazil	763	1.3
Natura Cosmeticos	Brazil	687	1.2
Grupo Aeroportuario del Centro Nort ADR	Mexico	686	1.1
Grupo Aeroportuario de Sureste ADR	Mexico	663	1.1
S.A.C.I. Falabella	Chile	630	1.1
Cia Hering	Brazil	630	1.1
Wal-Mart de Mexico	Mexico	622	1.0
Organizacion Soriana	Mexico	587	1.0
Top twenty equity investments		**24,925**	**41.8**
Kimberly-Clark de Mexico	Mexico	579	1.0
Vale Preference ADR	Brazil	578	1.0
Embotelladora Andina Preference	Chile	569	1.0
Localiza Rent a Car	Brazil	552	0.9
BM&FBovespa	Brazil	510	0.9
Brasil Foods Sponsored ADR	Brazil	479	0.8
Grupo Bancolombia	Columbia	471	0.8
Wilson, Sons	Brazil	463	0.8
Almacenes Exito	Columbia	451	0.8
Souza Cruz	Brazil	441	0.7
Top thirty equity investments		**30,018**	**50.5**
Bradespar	Brazil	423	0.7
WEG	Brazil	422	0.7
OdontoPrev	Brazil	401	0.7
TOTVS	Brazil	354	0.6
Valid Solucoes e Servicos de Seguranca	Brazil	310	0.5
El Grupo Grana y Montero	Peru	297	0.5
Parque Arauco	Chile	174	0.3
Total equity investments		**32,399**	**54.5**

Investment Portfolio – Bonds

As at 28 February 2014

Fixed Interest	Valuation £'000	Total portfolio %
Brazil (Fed Rep of) 10% 01/01/17	9,878	16.6
Uruguay (Rep of) 5% 14/09/18	4,973	8.4
Mexico (United Mexican States) 7.5% 03/06/27	4,222	7.1
Mexico (United Mexican States) 8% 07/12/23	2,697	4.5
Mexico (United Mexican States) 7.75% 14/12/17	1,267	2.1
Brazil (Fed Rep of) 10% 01/01/21	1,234	2.1
Peru (Rep of) 7.84% 12/08/20	651	1.1
Brazil (Fed Rep of) 6% 15/08/16	533	0.9
Peru (Rep of) 6.95% 12/08/31	521	0.9
Peru (Rep of) 6.95% 12/08/31 Regs	455	0.8
Uruguay (Rep of) 4.25% 05/04/27	347	0.6
Mexico (United Mexican States) 7.75% 13/11/42	227	0.4
Total value of bonds	**27,005**	**45.5**
Total investments	**59,404**	**100.0**

Distribution of Investments

As at 28 February 2014

Country	Equity %	Bonds %	Total %
Argentina	1.8	–	1.8
Brazil	36.7	19.6	56.3
Chile	3.8	–	3.8
Colombia	1.6	–	1.6
Mexico	10.1	14.1	24.2
Peru	0.5	2.8	3.3
Uruguay	–	9.0	9.0
	54.5	**45.5**	**100.0**

Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended 28 February 2014 (unaudited) Revenue £'000	Capital £'000	Total £'000	Six months ended 28 February 2013 (unaudited) Revenue £'000	Capital £'000	Total £'000	Year ended 31 August 2013 (audited) Revenue £'000	Capital £'000	Total £'000
Income	3									
Income from investments		1,724	–	1,724	1,911	–	1,911	3,910	–	3,910
Interest income		1	–	1	3	–	3	4	–	4
Total income		1,725	–	1,725	1,914	–	1,914	3,914	–	3,914
(Losses)/gains on financial assets held at fair value through profit or loss		–	(6,837)	(6,837)	–	12,004	12,004	–	(6,435)	(6,435)
Currency gains/(losses)		–	686	686	–	(320)	(320)	–	13	13
		1,725	(6,151)	(4,426)	1,914	11,684	13,598	3,914	(6,422)	(2,508)
Expenses										
Investment management fee		(132)	(196)	(328)	(161)	(240)	(401)	(317)	(476)	(793)
Other operating expenses	4	(247)	–	(247)	(232)	–	(232)	(488)	–	(488)
Profit/(loss) before finance costs and taxation		1,346	(6,347)	(5,001)	1,521	11,444	12,965	3,109	(6,898)	(3,789)
Finance costs		(27)	(40)	(67)	(30)	(44)	(74)	(58)	(88)	(146)
Profit/(loss) before taxation		1,319	(6,387)	(5,068)	1,491	11,400	12,891	3,051	(6,986)	(3,935)
Taxation		(46)	–	(46)	(31)	–	(31)	(100)	–	(100)
Profit/(loss) for the period		**1,273**	**(6,387)**	**(5,114)**	**1,460**	**11,400**	**12,860**	**2,951**	**(6,986)**	**(4,035)**
Earnings per Ordinary share (pence)	5									
Basic and Diluted		**1.92**	**(9.64)**	**(7.72)**	**2.19**	**17.13**	**19.32**	**4.43**	**(10.49)**	**(6.06)**

There is no income or expense that is not included in profit/(loss) for the period, and therefore the "Profit/(loss) for the period" is also the "Total comprehensive income for the period", as defined in IAS 1 (revised).

All of the profit/(loss) and total comprehensive income is attributable to the equity holders of the parent company.

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.

Condensed Consolidated Balance Sheet

	Notes	As at 28 February 2014 (unaudited) £'000	As at 28 February 2013 (unaudited) £'000	As at 31 August 2013 (audited) £'000
Non-current assets				
Investments held at fair value through profit or loss		59,404	85,690	66,905
Current assets				
Cash		542	967	883
Forward foreign currency contracts		–	–	69
Other receivables		608	752	589
Total current assets		1,150	1,719	1,541
Total assets		60,554	87,409	68,446
Current liabilities				
Bank loan	8	(8,831)	(10,079)	(9,567)
Forward foreign currency contracts		(67)	(80)	–
Other payables		(216)	(413)	(269)
Total current liabilities		(9,114)	(10,572)	(9,836)
Net assets		**51,440**	**76,837**	**58,610**
Equity capital and reserves				
Equity capital	9	65,936	65,936	65,936
Capital reserve		(15,296)	10,041	(8,345)
Revenue reserve		800	860	1,019
Equity shareholders' funds		**51,440**	**76,837**	**58,610**
Net asset value per Ordinary share (pence)	10			
Basic and Diluted		**78.08**	**115.42**	**88.04**

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

Condensed Consolidated Statement of Changes in Equity

Six months ended 28 February 2014 (unaudited)

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

Six months ended 28 February 2013 (unaudited)

	Notes	Equity capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 August 2012		65,936	(1,359)	898	65,475
Profit for the period attributable to equity holders		–	11,400	1,460	12,860
Dividends paid	6	–	–	(1,498)	(1,498)
Balance at 28 February 2013		**65,936**	**10,041**	**860**	**76,837**

Year ended 31 August 2013 (audited)

	Notes	Equity capital £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 31 August 2012		65,936	(1,359)	898	65,475
(Loss)/profit for the year attributable to equity holders		–	(6,986)	2,951	(4,035)
Dividends paid	6	–	–	(2,830)	(2,830)
Balance at 31 August 2013		**65,936**	**(8,345)**	**1,019**	**58,610**

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

Condensed Consolidated Cash Flow Statement

	Six months ended 28 February 2014 (unaudited) £'000	Six months ended 28 February 2013 (unaudited) £'000	Year ended 31 August 2013 (audited) £'000
Operating activities			
Dividend income	519	326	1,237
Fixed interest income	1,064	1,158	2,364
Deposit interest	1	3	4
Investment management fee paid	(346)	(255)	(738)
Other cash expenses	(144)	(207)	(504)
Cash generated from operating activities before finance costs and taxation	1,094	1,025	2,363
Interest paid	(69)	(77)	(150)
Withholding taxes paid	(43)	(21)	(100)
Net cash inflow from operating activities	982	927	2,113
Cash flows from investing activities			
Purchases of investments	(2,071)	(11,020)	(16,921)
Sales of investments	2,860	11,540	17,751
Net cash inflow from investing activities	789	520	830
Cash flows from financing activities			
Share buybacks	(564)	–	–
Equity dividends paid	(1,492)	(1,498)	(2,830)
Movement in loan balance	(736)	320	(442)
Net cash outflow from financing activities	(2,792)	(1,178)	(3,272)
Net (decrease)/increase in cash	**(1,021)**	**269**	**(329)**
Analysis of changes in cash during the period			
Opening balance	883	1,018	1,018
(Decrease)/increase in cash as above	(1,021)	269	(329)
Effect of foreign exchange rate changes	680	(320)	194
Cash at end of period	**542**	**967**	**883**

Notes to the Financial Statements

For the six months ended 28 February 2014

1. Principal activity

The Company is a closed-end investment company incorporated in Jersey, with its shares having a premium listing on the London Stock Exchange.

The financial statements consolidate the financial statements of the Company and its wholly-owned subsidiary, Aberdeen Latin American Income Fund LLC. The principal activity of its foreign subsidiary is similar in all relevant respects to that of its Jersey parent.

2. Accounting policies – basis of preparation

The Annual Report is prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRIC). The condensed Half–Yearly Report has been prepared in accordance with International Accounting Standards (IAS) 34 – 'Interim Financial Reporting'. They have also been prepared using the same accounting policies applied for the year ended 31 August 2013 financial statements, which were prepared in accordance with IFRS, and which received an unqualified audit report.

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.

3. Income	Six months ended 28 February 2014 £'000	Six months ended 28 February 2013 £'000	Year ended 31 August 2013 £'000
Income from investments			
Dividend income	560	511	1,315
Fixed interest income	1,164	1,400	2,595
	1,724	1,911	3,910
Deposit interest	1	3	4
Total income	**1,725**	**1,914**	**3,914**

4. Other operating expenses – revenue	Six months ended 28 February 2014 £'000	Six months ended 28 February 2013 £'000	Year ended 31 August 2013 £'000
Directors' fees	42	42	85
Secretarial and administration fees	56	54	109
Marketing contribution	26	27	56
Auditor's remuneration	12	12	25
Custodian and overseas agents' charges	34	48	93
Other	77	49	120
	247	**232**	**488**

5. Earnings per share	Six months ended 28 February 2014 p	Six months ended 28 February 2013 p	Year ended 31 August 2013 p
Ordinary share – basic			
Revenue return	1.92	2.19	4.43
Capital return	(9.64)	17.13	(10.49)
Total return	**(7.72)**	**19.32**	**(6.06)**

The figures above are based on the following:

	£'000	£'000	£'000
Revenue return	1,273	1,460	2,951
Capital return	(6,387)	11,400	(6,986)
Total return	**(5,114)**	**12,860**	**(4,035)**
Weighted average number of Ordinary shares in issue	**66,240,034**	**66,572,574**	**66,572,574**

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 equity shares	Six months ended 28 February 2014 £'000	Six months ended 28 February 2013 £'000	Year ended 31 August 2013 £'000
Distributions to equity holders in the period:			
First interim dividend for 2014 – 1.00p (2013 – 1.00p)	660	666	666
Second interim dividend for 2013 – 1.00p	–	–	666
Third interim dividend for 2013 – 1.00p	–	–	666
Fourth interim dividend for 2013 – 1.25p (2012 – 1.25p)	832	832	832
	1,492	**1,498**	**2,830**

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 Condensed Consolidated 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 2014 £'000	Six months ended 28 February 2013 £'000	Year ended 31 August 2013 £'000
Purchases	3	5	6
Sales	2	6	8
	5	**11**	**14**

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 2013 – US$15,300,000; 31 August 2013 – US$14,800,000), equivalent to £8,831,000 (28 February 2013 – £10,079,000; 31 August 2013 – £9,567,000) had been drawn down under the facility, fixed to 24 March 2014 at an all–in rate of 1.4073% (28 February 2013 – 1.4535%; 31 August 2013 – 1.43516%).

At the date of this Report, US$14,800,000 remains drawn down, fixed to 24 April 2014 at an all-in rate of 1.4063%.

9. Equity capital

	28 February 2014		28 February 2013		31 August 2013	
Equity capital	Number	£'000	Number	£'000	Number	£'000
Issued and fully paid						
Ordinary shares in issue	65,877,674	64,706	66,572,574	65,389	66,572,574	65,389
Ordinary shares held in Treasury	695,000	683	–	–	–	–
Subscription shares	10,421,136	547	10,421,236	547	10,421,236	547
		65,936		**65,936**		**65,936**

The Company's Ordinary shares have no par value.

During the period ended 28 February 2014, 695,000 Ordinary shares were bought back at a total cost of £564,000 including expenses, all of which were placed in treasury. At 28 February 2014 there were 695,000 Ordinary shares held in treasury, which represented 1.04% of the Company's total issued share capital at that date. There were no shares held in treasury as at 31 August 2013.

Since the period end, a further 270,000 Ordinary shares were bought back and placed in treasury at a cost of £192,000.

The Ordinary shares give shareholders the entitlement to all of the capital growth in the Company's assets and to all of the income from the Company that is resolved to be distributed.

During the period ended 28 February 2014 shareholders exercised their right to convert 100 Subscription shares in to Ordinary shares, for a total consideration of £120. 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 2014	As at 28 February 2013	As at 31 August 2013
Attributable net assets to Ordinary shareholders (£'000)	51,440	76,837	58,610
Number of Ordinary shares in issue	65,877,674	66,572,574	66,572,574
Net asset value per Ordinary share (p)	78.08	115.42	88.04

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 draw 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 £328,000 (28 February 2013 – £401,000; 31 August 2013 – £793,000) of management fees were payable, of which £100,000 (28 February 2013 – £208,000; 31 August 2013 – £118,000) was outstanding at the period end.

During the period marketing fees of £26,000 (28 February 2013 – £27,000; 31 August 2013 – £56,000) were payable with £9,000 (28 February 2013 – £9,000; 31 August 2013 – £10,000) outstanding at the period end.

The company secretarial and administration fee is based on an annual amount of £112,000 (28 February 2013 – £109,000; 31 August 2013 – £109,000), increased annually in line with any increases in the UK Retail Prices Index, payable quarterly in arrears. During the period £56,000 (28 February 2013 – £54,000; 31 August 2013 – £109,000) of fees were payable, with £19,000 (28 February 2013 – £45,000; 31 August 2013 – £46,000) being outstanding at the period end.

12. Half-Yearly Financial Report

The financial information for the six months ended 28 February 2014 has not been audited.

This Half-Yearly Financial Report was approved by the Board on 3 April 2014.

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. Alternatively Ordinary 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 Limited (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 Ordinary 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 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. 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 £11,520 can be made in the tax year 2013/14.

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 available cash in the Plan prior to the distribution 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.

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. Stockmarket and currency movements may cause the value of Ordinary 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 companies 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.latamincome.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
P O Box 11020,
Chelmsford,
Essex, CM99 2DB
Telephone: 0500 00 00 40

The information above is issued and has been approved for the purposes of the Financial Services and Markets Act 2000 by Aberdeen Asset Managers Limited, Bow Bells House, 1 Bread Street, Cheapside, London EC4M 9HH which is authorised and regulated by the Financial Services Authority

Corporate Information

Directors

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

Manager, Secretary and Registered Office

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

Aberdeen Latin American Income Fund Limited is registered in Jersey with number 106012

Investment Manager

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

Registrars

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

Broker

Cantor Fitzgerald Europe
One Churchill Place
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 Auditors

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

Website

www.latamincome.co.uk

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