

09

Aberdeen Leaders Limited

ABN 25 003 236 173

Interim Report and Accounts

Six months ended 31 December 2008



Chairman's Statement

Dear Shareholder

The first half of the 2008/09 financial year has seen the downward spiral in global markets continue, with the global financial crisis increasingly taking a toll on the Australian economy. The mining boom which initially buffered Australia from much of the turmoil offshore has come to a shuddering halt, with global demand for commodities – particularly from China – falling significantly. To combat this the RBA reduced interest rates during the period by an unprecedented 300 basis points, with a further 100 basis points reduction announced on 3 February 2009, while the federal government has announced major stimuli packages in an effort to pump-prime the economy.

With financial markets in such disarray the Australian share market, as represented by the S&P/ASX 200 Accumulation Index, fell 26.79% during the period, having now fallen for 5 consecutive quarters, and takes the 12 month loss to 38.45%.

Given this difficult market environment the total portfolio value of Aberdeen Leaders also fell (albeit by a smaller margin than the index), finishing the half-year down 21.10% (before deduction of fees). The share price closed 33.98% lower (after adjusting for dividends), finishing the period at \$1.06 – a discount of 4.5% to the (pre-tax) NTA.

In the accounts for the 6-months to 31 December the Company has booked an impairment charge of \$15.2 million against the Company's assets (net of deferred tax benefits). This charge is in accordance with accounting standard AASB 139 which states that a company's assets must be impaired where there has been a "significant" or "prolonged" decline in the value of an investment below its cost. The Directors note that the impairment loss is an unrealised loss which may reverse in future periods. It should also be noted that the Company has \$11 million of retained profits carried forward and has made a profit before tax (excluding the impairment loss) of approximately \$2.9 million for the six month period to 31 December 2008.

Importantly, this adjustment will have no impact on the Net Tangible Asset (NTA) value of the Company as the portfolio is marked to market on a daily basis.

Interim Dividend

A fully franked dividend of 2.0 cents per share was declared on 17 December 2008, payable on 27 January 2009, equating to a dividend yield of 9.4% (13.5% gross of franking credits) on the closing share price at 31 December 2008. Given the difficult market conditions the Board will continue to review future dividends and will be closely monitoring corporate results, asset values and dividend statements in the forthcoming reporting season.

Dividend Reinvestment Plan

I would also like to remind investors of the Company's Dividend Reinvestment Plan (DRP) which allows eligible shareholders to have their dividends automatically reinvested in the Company. If you would like to participate in the DRP or would like more information please phone 02 9290 9600 and we will mail you a DRP booklet containing the relevant information.

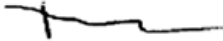
Chairmans Statement - *continued*

Share Purchase Plan

Following shareholder feedback and a significant decline in the market I am pleased to announce the implementation of a Share Purchase Plan which will provide a convenient way for eligible shareholders to purchase up to \$2,500 worth of shares in the Company at a 2.5% discount to the market price of Aberdeen Leaders (as defined by the Share Purchase Plan). Participation in the Share Purchase Plan is optional. Details of the Share Purchase Plan will be mailed to shareholders in the near future.

Outlook

In the long term, the outlook for the Australian market is positive, although 2009 is shaping up as a very challenging year, with economic growth expected to fall further and unemployment expected to rise. We continue to position our portfolio defensively given the uncertainty surrounding the outlook for earnings and we are actively monitoring companies for buying opportunities given more reasonable valuations. We remain committed to good-quality companies with strong fundamentals and cash flows.



Brian Sherman AM
Chairman

February 2009

Net Tangible Assets

	At 31 December 2008
NTA per share (pre-tax)	\$1.11
NTA per share (post-tax)	\$1.18
Share Price	\$1.06
Discount to NTA (pre-tax)	4.5%
Discount to NTA (post-tax)	10.2%
Annualised Dividend Yield* (100% franked)	9.4%**

* Using the share price at the end of the period

** 13.5% gross of franking credits

Performance Summary

	At 31 December 2008			
	3 Months	6 Months	12 Months	5 Years
	%	%	%	% pa
Total Portfolio*	-14.67	-21.10	-32.78	8.95
Benchmark**	-18.26	-26.79	-38.45	6.87
Net Assets (pre-tax)***	-21.19	-29.46	-44.02	6.35
Net Assets (post-tax)***	-14.99	-21.75	-34.26	7.30
Share Price***	-30.80	-33.98	-46.90	7.56

* Performance is calculated based on the change in the value of the total portfolio (excluding the loan and tax liabilities), before deduction of all other fees.

Past performance is not a guide to future performance.

** Benchmark: S&P / ASX 200 Accumulation Index.

*** Return on Net Assets and return on Share Price assume reinvestment of dividends.

Portfolio Composition

	At 31 December 2008
Equities	96.8%
Cash	3.2%
Total	100.0%

Dividend

A fully franked dividend of 2.0 cents per share payable for the December quarter was declared on 17 December 2008, payable on 27 January 2009. This equates to a dividend yield of 9.4% (13.5% gross of franking credits) on the closing share price at 31 December 2008.

Manager's Review

The S&P/ASX 200 Accumulation Index declined by 38.5% in the calendar year continuing the downward trend which started in the final quarter of 2007. It is interesting to look at the breakdown of returns and to compare index and gross portfolio returns over the more recent periods:-

Period to 31 December 2008	Gross Portfolio	Index
Twelve months	-32.8%	-38.5%
Six Months	-21.1%	-26.8%
Three Months	-14.7%	-18.3%

As can be seen from the above table the first six months of the Company's financial year has seen continued losses from the Australian stock market, although the Company itself continued to out-perform its benchmark. The market has now experienced five consecutive quarters of losses and returned the index to levels last seen in 2004. During the period two themes dominated: a sharp deterioration in economic prospects and increased capital raisings as companies substituted equity for debt which had become either unavailable or too expensive. This has continued into the new calendar year. Merger and acquisition activity was subdued in the period and a number of potential combinations were shelved, most noticeable of which was BHP Billiton and Rio Tinto, which had a negative effect on our performance.

During the six months the Reserve Bank has cut interest rates by 300bps, with 275bps in the final quarter - the largest quarterly cut since the present system of cash rate targeting began in 1990. The RBA Statement on Monetary Policy delivered in December indicated that given international and domestic developments in recent months, a significant reduction in the cash rate was warranted and monetary policy stance was now "expansionary". The RBA expects private demand to remain subdued in the near term and it believes it "likely that inflation in Australia will soon start to fall".

During the six months we have not initiated any new holdings or sold out in entirety from any company, merely top slicing on strength and adding on price weakness, consistent with our traditional investment strategy. The table below identifies the major contributors and detractors to performance relative to the benchmark in the six months to 31 December 2008:

Key contributors – 6 months to 31 December 2008

Top 5 Contributors		
Stock	Relative weight (%)	Contribution (%)
QBE Insurance	5.2	1.89
Metcash	3.2	0.96
Fortescue Metals	-0.3	0.90
AGL Energy	3.2	0.86
Tatts Group	3.0	0.85

Top 5 Detractors		
Stock	Relative weight (%)	Contribution (%)
Rio Tinto	2.6	-2.53
Telstra	-5.1	-0.83
Newcrest Mining	-2.0	-0.57
CSL Ltd	-2.6	-0.42
Wesfarmers	1.3	-0.42

The key question for 2009 will be how pronounced the economic downturn will be in Australia. We have already seen significant workforce cuts overseas and this has started in Australia too and is likely to have an impact on the economy, the extent of which is currently unknown. The headwinds going into the year will be falling demand, a weak earnings results season, falling terms of trade from weakened commodity prices and negligible growth. However, falling interest rates, fiscal stimuli and a weaker Australian dollar, compared to 2008, could provide some support and we may see early signs of recovery coming through later in the year.

The Australian stock market is unlikely to buck the trends seen from overseas markets, but we believe that by identifying good quality companies at reasonable values and holding for the long term will provide superior returns.

Portfolio of Investments

The full portfolio of the Company at market value at 31 December 2008 is shown below:

Sector	Company	Market Value (\$)	% of Portfolio
Finance Ex Property Trusts	ANZ Banking Group	4,544,352	4.62
	Australian Stock Exchange	2,824,623	2.87
	AXA LTD	1,484,364	1.51
	Bendigo Bank Limited	874,309	0.89
	Commonwealth Bank	3,355,255	3.41
	QBE Insurance Group	7,889,940	8.02
	Westpac Banking Corp	5,084,256	5.17
		\$26,057,099	26.49
Property Trusts	Westfield Group	3,385,130	3.44
		\$3,385,130	3.44
Consumer Discretionary	Billabong International	1,439,100	1.46
	John Fairfax Holdings	1,357,892	1.38
	Tabcorp Holdings	2,244,000	2.28
	Tattersall's Limited	3,231,250	3.28
			\$8,272,242
Consumer Staples	Goodman Fielder Limited	1,365,946	1.39
	Lion Nathan Limited	3,382,380	3.44
	Metcash Trading Limited	3,283,125	3.34
	Wesfarmers Limited	2,974,035	3.02
	Woolworths Limited	5,553,507	5.64
			\$16,558,993
Health Care	Ramsay Health Care	1,656,990	1.68
		\$1,656,990	1.68
Energy	Woodside Petroleum	3,477,000	3.53
		\$3,477,000	3.53
Materials	BHP Billiton Limited	12,600,800	12.81
	Incitec Pivot Limited	885,600	0.90
	Orica Limited	1,246,830	1.27
	Rio Tinto	3,704,025	3.76
			\$18,437,255
Information Technologies	Computershare	1,413,120	1.44
		\$1,413,120	1.44
Industrials	Bradken Limited	431,340	0.44
	Leighton Holdings	2,856,600	2.90
	Toll Holdings Limited	1,372,290	1.39
			\$4,660,230
Telecommunications	Singapore Telecommunications Limited	1,076,830,00	1.09
	Telecom of NZ Inc	595,350	0.61
			\$1,672,180
Utilities	AGL Energy	3,843,050	3.91
	SP AusNet	1,444,755	1.47
			\$5,287,805
Total Assets		\$90,878,044	92.36%
Net Liquidity including deferred tax liability		\$7,518,316	7.64%
Total Assets excluding Debt		\$98,396,360	100.00%
Loan Facility		(\$30,000,000)	-30.49%
Total Equity		\$68,396,360	69.51%

Condensed Income Statement

For the Half-Year ended 31 December 2008

	Notes	Half-Year ended 31 Dec 2008 \$'000	Half-Year ended 31 Dec 2007 \$'000
Income	2	4,873	15,097
Expenses			
Impairment loss on investment portfolio		(21,715)	-
Finance costs		(1,089)	(916)
Management fees		(589)	(713)
Performance fees		-	(254)
Registry and Custody fees		(102)	(95)
Other expenses		(212)	(195)
(Loss)/Profit before income tax expense		(18,834)	12,924
Income Tax Benefit/(expense)		6,332	(3,111)
(Loss)/Profit for the period		(12,502)	9,813
Basic and diluted earnings per share before impairment loss	5	4.69 cents	17.18 cents
Unrealised impairment loss per share net of tax	5	(26.41) cents	-
Basic and diluted earnings/(loss) per share	5	(21.72) cents	17.18 cents

This Condensed Income Statement should be read in conjunction with the Notes to the Financial Statements which follow.

Condensed Balance Sheet

As at 31 December 2008

Notes	31 Dec 2008 \$'000	30 Jun 2008 \$'000
Current assets		
Cash and cash equivalents	4,211	5,880
Trade and other receivables	223	679
Current tax asset	385	-
Other	35	40
Total current assets	4,854	6,599
Non-current assets		
Available for sale investments	90,878	121,133
Deferred tax asset	4,009	-
Total non-current assets	94,887	121,133
Total assets	99,741	127,732
Current liabilities		
Trade and other payables	192	721
Current tax liabilities	-	169
Provisions	1,153	2,437
Borrowings	30,000	30,000
Total current liabilities	31,345	33,327
Non-current liabilities		
Deferred tax liabilities	-	5,252
Total non-current liabilities	-	5,252
Total liabilities	31,345	38,579
Net assets	68,396	89,153
Equity		
Issued capital	3 54,125	53,652
Available for sale investment revaluation reserve	3,252	9,820
Retained earnings	11,019	25,681
Total Equity	68,396	89,153

This Condensed Balance Sheet should be read in conjunction with the Notes to the Financial Statements which follow.

Condensed Statement of Changes in Equity

As at 31 December 2008

	31 Dec 2008 \$'000	31 Dec 2007 \$'000
Total equity at the beginning of the period	89,153	102,969
Profit/(loss) for the period	(12,502)	9,813
Fair value adjustments to investment portfolio	(6,568)	(2,941)
Total recognised income and expense for the period	(19,070)	6,872
Transactions with equity holders in their capacity as equity holders		
Dividends paid from retained earnings	(2,160)	(2,143)
Issue of Shares under Dividend Reinvestment Plan	473	414
	(1,687)	(1,729)
Total equity at the end of the period	68,396	108,112

This Condensed Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements which follow.

Condensed Cash Flow Statement

For the Half-Year ended 31 December 2008

	Half-Year ended 31 Dec 2008 \$'000	Half-Year ended 31 Dec 2007 \$'000
Cash flows from operating activities		
Dividends received	3,321	3,057
Interest received	192	204
Other income received	32	3
Management fees paid	(611)	(704)
Other expenses paid	(273)	(282)
Finance costs paid	(1,292)	(1,037)
Income taxes paid	(743)	(3,293)
Cash flows from operating activities	626	(2,052)
Cash flows from investing activities		
Proceeds from sale of investments	7,723	29,102
Payments for purchase of investments	(7,047)	(24,130)
Cash inflows from investing activities	676	4,972
Cash flows from financing activities		
Dividends paid	(2,971)	(2,722)
Cash outflows from financing activities	(2,971)	(2,722)
Net (Decrease)/Increase in Cash Held	(1,669)	198
Cash and cash equivalents at the beginning of financial period	5,880	6,215
Cash and cash equivalents at the end of financial period	4,211	6,413

This Condensed Cash Flow Statement should be read in conjunction with the Notes to the Financial Statements which follow.

Notes to the Financial Statements

For the Half-Year ended 31 December 2008

1. Statement of significant accounting policies

(a) Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB134 ensures compliance with International Financial Reporting Standards IAS 34 Interim Financial Reporting. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

(b) Basis of Preparation

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. It is recommended that this financial report be read in conjunction with the Annual Report for the year ending 30 June 2008 and any public announcements made by the company during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies are consistent with those applied in the 30 June 2008 Annual Report, unless otherwise stated.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

(c) Investments

Classification

Upon initial recognition investments are designated as "available for sale" and are measured at fair value.

Gains or losses on available-for-sale securities are recognised directly in the Available for Sale Investment Revaluation Reserve until the securities are sold, collected or otherwise disposed of, or until the securities are determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Recognition

The company recognises financial assets on the day it becomes party to the contractual agreement (trade date) and recognises changes in fair value from this date.

Measurement

Investments are measured initially at fair value. Subsequent to initial recognition, they are measured at fair value with changes in fair value recognised directly in a revaluation reserve. Once an investment is sold, any revaluation gain or loss recognised attributable to that investment is transferred to the income statement and recognised as realised gains or losses on sale of investments.

Determination of Fair Value

The fair value of financial assets traded in an active market is based on their quoted market price at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at the current bid price.

Impairment

If there is objective evidence that an investment is impaired, an amount comprising the difference between its carrying value and its current fair value is transferred from equity to the income statement. Reversals of impairment losses are not recognised in profit.

A significant or prolonged decline in the fair value of an investment below its cost is objective evidence of impairment.

(d) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(e) Net Working Capital

At 31 December 2008 the company's balance sheet shows current liabilities in excess of current assets by \$26,491,000, due to the classification of a \$30,000,000 loan facility, due to mature on 30 November 2009, as a current liability.

It is the intention of the Directors to renew this loan facility for another long term period as part of the gearing strategy of the Company.

Notes to the Financial Statements - *continued*

2. Income	Half-Year ended 31 Dec 2008 \$'000	Half-Year ended 31 Dec 2007 \$'000
Realised gains on investment portfolio	1,759	12,134
Dividends	2,926	2,781
Other Income	188	182
Total income	4,873	15,097

3. Issued Capital	31 Dec 2008 \$'000	30 June 2007 \$'000
(a) Issued and paid up capital		
Balance at the beginning of the financial period	53,652	52,931
Issue of shares under DRP	473	721
Balance at the end of the financial period	54,125	53,652
(b) Shares issued	Number of Shares	Number of Shares
Balance at the beginning of the financial period	57,339,247	56,956,677
New securities issued under DRP	299,189	382,570
Balance at the end of the financial period	57,638,436	57,339,247

4. Dividends paid or provided	Half-Year ended 31 Dec 2008 \$'000	Half-Year ended 31 Dec 2007 \$'000
Dividend paid on:		
- ordinary shares	2,160	2,143

	Dividend rate	Total amount \$'000	% Franked	Date of payment
2008 Half-year				
Interim	1.75cps	1007	100%	22/10/2008
Interim	2.00cps	1,153	100%	27/01/2009
2007 Half-year				
Interim	1.75cps	999	100%	24/10/2007
Interim	2.00cps	1,144	100%	29/01/2006

Dividend reinvestment plan

A Dividend Reinvestment Plan has been in operation for the period ended 31 December 2008.

Under the Dividend Reinvestment Plan in operation, a DRP form received by the Company shall be effective in respect of all dividends payable after receipt of the DRP form. This is with the exception of any DRP form received by the Company after 4:00pm on the Record Date, in this instance it shall not be effective in respect of those dividends.

The financial effect of these dividends have been brought to account in the financial statements for the half-year ended 31 December 2008.

Notes to the Financial Statements - *continued*

5. Earnings per share

	Half-Year ended 31 Dec 2008 \$'000	Half-Year ended 31 Dec 2007 \$'000
Basic and diluted earnings per share before impairment loss	4.69 cents	17.18 cents
Unrealised impairment loss per share net of tax	(26.41) cents	-
Basic and diluted earnings/(loss) per share	(21.72) cents	17.18 cents
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	57,548,951	57,115,124

There is no contingent issue of shares which would dilute earnings per share. The Company has no securities outstanding which have the potential to convert to ordinary shares and dilute the basic earnings per share.

6. Segment information

The Company operates predominantly in Australia and in one industry being the securities industry.

7. Contingent liabilities

There are no contingent liabilities which have arisen since the last annual reporting date.

8. Subsequent events

No matters or circumstances have arisen since the end of the reporting period which have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial periods.

Corporate Information

Directors

BM Sherman, AM, BComm, CTA, SIA (Aff) (Chairman)
NJ Miles, BComm (Hons), CA
DL Esum, AM, BEE (Hons), BComm, MSc, FCPA
AM Daniels

Company Secretary

G Orski

Registered Office

Level 6, 201 Kent Street
Sydney
NSW 2000

Auditor

Deloitte Touche Tohmatsu
Grosvenor Place
225 George St
Sydney
NSW 2000

Bankers

Westpac Institutional Bank
Level 3, 275 Kent Street
Sydney
NSW 2000

Custodian

BNP Paribas Security Services
Limited
60 Castlereagh Street
Sydney
NSW 2000

Share Registrar

Registries Limited
Level 7, 207 Kent Street
Sydney
NSW 2000
Telephone: (02) 9290 9600



Aberdeen Leaders Limited

Information about the Manager

Aberdeen Asset Management Limited, Australia, is the Manager of the Company. It is a subsidiary of Aberdeen Asset Management PLC ("Aberdeen") whose group of companies as at 31 December 2008 managed a combined A\$227 billion for institutions, unit trusts, listed investment companies, offshore funds and private clients.

Aberdeen has its headquarters in Aberdeen, Scotland, and operates 24 offices in 20 countries around the world. Clients access Aberdeen's investment expertise across the three asset classes of equities, fixed income and property. Aberdeen follows a predominantly long-only approach, based on fundamentally sound investments. Aberdeen's investment teams are based in the markets or regions in which they invest.

Global reach, local understanding

We know global markets from the local level upwards. We believe our focus, size and approach enable us to provide effective asset management and superior client service. Our teams champion original thinking and knowledge, so investment decisions are based only on our own research.

As a group, we have the scale to provide global coverage of financial markets, yet we are small enough to focus on each and every portfolio decision.

Close-knit teams, clear investment processes and flat structures are important to us. We seek to grow our clients' assets in a way that is manageable and sustainable over the longer term.

Aberdeen in Australia

Aberdeen commenced its Australian operations in December 2000, and as at 31 December 2008 had around A\$7.4 billion in assets under management and advice. In addition to managing the investments of a number of Australian registered funds, Aberdeen in Australia also manages the Aberdeen Group's Australian and New Zealand assets for a range of global and domestic clients.

This report has been prepared for information purposes only and should not be considered as an offer or solicitation, to deal in any of the investments mentioned. Aberdeen Asset Management Limited ABN 59 002 123 364 (Aberdeen) is the investment manager of Aberdeen Leaders Limited ABN 25 003 236 173. Neither Aberdeen, Aberdeen Leaders Limited nor any member of the Aberdeen Group, nor any of its officers, employees or agents guarantees the repayment of capital, the performance or any distribution by Aberdeen Leaders Limited. Information contained in this document is based on sources believed to be reliable, and all opinions expressed are honestly held. Information in this document is of a general nature only and is not intended to provide investment or financial product advice. This document has not been prepared taking into account the particular objectives, financial situation or needs of any investor, so it is important that before acting investors should consider their own circumstances and consult their Financial and/or Tax adviser. Aberdeen shall not be held liable for any loss or damage caused to any person in respect of any representation, except as required by law. Aberdeen Leaders Limited holds an Australian Financial Services Licence No. 246498. Aberdeen Asset Management Limited holds an Australian Financial Services Licence No. 240263.

envirocare
100% Recycled

This document has been printed with soy based inks on 100% recycled paper, manufactured with 75% post consumer and 25% pre consumer waste. No virgin fibres used. Elemental chlorine free.



Aberdeen Asset Management Limited

Level 6, 201 Kent Steet
Sydney NSW 2000
Phone: +61 2 9950 2888
Fax: +61 2 9950 2800

Aberdeen Client Services

Toll Free: 1800 636 888
Email: client.service.aust@aberdeen-asset.com
Website: www.aberdeenasst.com.au