

ABERDEEN INTERNATIONAL INC.

TSX: AAB

Price (September 24): \$0.455

52-Week Range: \$0.52-\$0.295

Shares O/S: 87.5 million

Market Cap: \$39.8 million

FISCAL Q2/2011 RESULTS

Aberdeen International Inc. reported financial results for fiscal Q2/2011 ended July 31, 2010 as shown in the table below.

Table 1: Second-Quarter Fiscal 2011

| <i>(\$000s)</i> | Q2/F2011 | Q2/F2010 |
|----------------------|-----------------|-----------------|
| Net Investment Gains | (9,945) | 7,133 |
| Other Revenue | 753 | (313) |
| Total Revenue | (9,192) | 6,820 |
| Pretax Income | (9,890) | 4,969 |
| Pretax Margin | n.a. | 72.9% |
| Net Income | (6,474) | 3,305 |
| Net Margin | n.a. | 48.5% |
| EPS | (\$0.07) | \$0.04 |
| Shares O/S (million) | 87.5 | 89.4 |

Second-Quarter Results

Aberdeen reported a loss of \$0.07 per share for the second quarter of fiscal 2011 (ended July 31, 2010), compared with earnings of \$0.04 per share for the same period in fiscal 2010.

1. Unrealized Gains /(Losses)

The loss in the latest quarter was largely the result of a \$10.5 million unrealized loss on investments in the Company's investment portfolio compared with an unrealized gain of \$7.9 million in the fiscal 2010 quarter. The portfolio had an aggregate unrealized gain of approximately \$3.5 million at the end of the quarter.



The latest results reflected overall weakness in junior resource equity markets during the period. Conditions in this segment of the equity market have, however, improved considerably since the end of the quarter, leading to significantly better valuations for many of the holdings in the portfolio.

2. Realized Gains/(Losses)

During the latest quarter, Aberdeen realized gains of \$778,005 compared with a loss of \$757,523 for the year-earlier quarter. The Company added approximately \$2.4 million of new investments and generated approximately \$6.1 million of proceeds from sales of investments.

Net Asset Value

As at July 31, 2010, the Company's net asset value was \$98 million (\$1.12 per share), approximately \$5 million below the \$104 million (\$1.19 per share) value at the end of the first quarter of fiscal 2011 (ended April 30, 2010). NAV was \$8.8 million higher than a year earlier.

Table 2: First-Half Fiscal 2011

| <i>(\$000s)</i> | 6M/F2011 | 6M/F2010 |
|----------------------|-----------------|-----------------|
| Net Investment Gains | (5,675) | 14,114 |
| Other Revenue | 1,715 | 188 |
| Total Revenue | (3,960) | 14,302 |
| Pretax Income | (7,217) | 11,590 |
| Pretax Margin | n.a. | 81.0% |
| Net Income | (4,675) | 7,698 |
| Net Margin | n.a. | 53.8% |
| EPS | (\$0.05) | \$0.08 |
| Shares O/S (million) | 87.5 | 92.0 |

First-Half Results

For the first half of fiscal 2011, the Company incurred a loss of \$0.05 per share compared with a profit of \$0.08 per share for the first half of fiscal 2010. As was the case in the recent quarter, the loss was primarily due to the impact of a non-realized loss of approximately \$12.4 million on investments in the fiscal 2011 period compared with an unrealized gain of \$15.2 million in the first half of fiscal 2010. During the first six months of fiscal 2011, the Company realized gains on the sale of investments of \$7.0 million compared with a loss of \$1.0 million in the first half of fiscal 2010.

For more details on the second-quarter results, see Aberdeen's September 15, 2010 news release, available on SEDAR at www.sedar.com.



Forbes Coal Investment

An important development in the Company's private investment area was the \$35.6 million special warrant issue at \$2.80 per warrant completed by its Forbes & Manhattan Coal Inc. (Forbes Coal) investment in July.

This company, of which Aberdeen was a founding shareholder, will operate two coal mines in South Africa, with an initial annual capacity of 0.5 million tonnes. It is expected that production can be tripled over the next two to three years. The company produces both thermal and metallurgical coal. For 2011, sales from both mines are expected to reach approximately 650,000 tonnes, with estimated EBITDA of \$23 million.

The stock has been publicly listed through a merger with Forbes and Manhattan Coal Corp. (formerly Nyah Resources Corp.). The two companies completed their business combination on September 20, 2010, and the shares of the amalgamated company began trading on September 27, 2010 under the symbol FMC on the TSX.

Aberdeen owns 1.7 million common shares and 1.1 million performance shares of Forbes Coal, representing an 11% interest. The performance shares vest when Forbes Coal achieves specified financial and/or production goals at its mining operations.

COMMENT: *At the current share price of \$0.455 per share, Aberdeen is trading significantly below both its net asset and investment portfolio per share values. The typical discount of the share price to NAV for investment holding companies is 35%-40%. Aberdeen's current discount is approximately 60%. Although the discount reflects, to some degree, the small size of the investment portfolio, nonetheless the variance seems excessive. It should also be noted that this does not take into account the recovery in prices, since the end of July, of many of the holdings in the portfolio. The three largest gold holdings alone have an unrealized gain of over \$0.08 per share since that time.*

STOCK CHART



Source: www.bigcharts.com



THE COMPANY

Aberdeen International Inc. is a Toronto-based, global investment and merchant-banking company, focused on small capitalization companies in the mining, energy, and agricultural commodities sectors. The Company seeks to acquire equity participation in pre-IPO and early-stage resource companies, where it can provide value-added managerial and board-level advisory services as well as financial support.

The CEO of Aberdeen International is George Faught, who has over 25 years of senior management experience in the natural resource, financial services and pharmaceutical industries.

PREVIOUS RESEARCH

For additional information on Aberdeen International Inc., see eResearch's *StockPotentials* report, dated March 26, 2010, available at the following link:
http://www.eresearch.ca/report/AAB_032610-SP.pdf

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