

Aberdeen Indonesia Fund, Inc.

Annual Report
December 31, 2012

2012



Our fund managers' most useful tool No. 5: A shared cup of tea.



Before ever investing in Asia we prefer to interview face-to-face.

Aberdeen Closed-End Funds.

In Asian markets, you have to do your own due diligence and discovery. Not just take someone else's word for it. That's why it's important to have people locally, on the ground, researching markets and companies first hand.

We believe Asia represents one of the world's strongest and growing economic regions and the prospects for income and appreciation have never looked better.

At Aberdeen, we only do our own research and our fund managers are based in the regions where we invest.

But it takes more than an understanding of the big picture to appreciate the diverse range of investment opportunities in Asia, as we've discovered over many cups of tea.

Aberdeen's Asia-Pacific and global closed-end funds listed in the U.S. are:

- Aberdeen Asia-Pacific Income Fund, Inc. (FAX)
- Aberdeen Australia Equity Fund, Inc. (IAF)
- Aberdeen Emerging Markets Telecommunications and Infrastructure Fund, Inc. (ETF)
- Aberdeen Global Income Fund, Inc. (FCO)
- Aberdeen Indonesia Fund, Inc. (IF)
- The Asia Tigers Fund, Inc. (GRR)
- The India Fund, Inc. (IFN)
- The Singapore Fund, Inc. (SGF)

For more information, contact our Investor Relations Team at 866-839-5205 or e-mail InvestorRelations@aberdeen-asset.com.

www.aberdeen-asset.us/cef



Closed-end funds have a one-time initial public offering and then are subsequently traded on the secondary market through one of the stock exchanges. The investment return and principal value will fluctuate so that an investor's shares may be worth more or less than the original cost. Shares of closed-end funds may trade above (a premium) or below (a discount) the net asset value (NAV) of the fund's portfolio. Past performance does not guarantee future results. Foreign securities are more volatile, harder to price and less liquid than U.S. securities. These risks may be enhanced in emerging market countries. Concentrating investments in a single country, region or industry may subject a fund to greater price volatility and risk of loss than more diverse funds. Investors should consider a fund's investment objectives, risks, charges and expenses carefully before investing. A copy of the prospectus for Aberdeen Asia-Pacific Income Fund, Inc. and Aberdeen Global Income Fund, Inc. that contains this and other information about the fund may be obtained by calling 866-839-5205. Please read the prospectus carefully before investing. Investing in funds involves risk, including possible loss of principal. Aberdeen Asset Management Inc., 1735 Market Street, 32nd Floor, Philadelphia, PA 19103. NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

Letter to Shareholders (unaudited)

Dear Shareholder,

We present this Annual Report which covers the activities of Aberdeen Indonesia Fund, Inc. (the "Fund") for the twelve-month period ended December 31, 2012. The Fund's primary investment objective is capital appreciation with income as a secondary objective, which the Fund seeks to achieve by investing primarily in Indonesian equity and debt securities.

Total Return Performance

For the year ended December 31, 2012, the total return to shareholders of the Fund, based on the net asset value ("NAV") of the Fund, was 21.7%, assuming reinvestment of dividends and distributions, versus a return of 5.2% for the Fund's benchmark, the MSCI Indonesia Index ("MSCI Indonesia Index").

Share Price and NAV

For the year ended December 31, 2012, based on market price, the Fund's total return was 19.0%, assuming reinvestment of dividends and distributions. The Fund's share price decreased 0.9% over the twelve months, from \$11.78 on December 31, 2011 to \$11.67 on December 31, 2012. The Fund's share price on December 31, 2012 represented a discount of 10.6% to the NAV per share of \$13.05 on that date, compared with a discount of 8.5% to the NAV per share of \$12.88 on December 31, 2011.

Elective Cash Distribution Results

On December 4, 2012 the Board of Directors declared the payment of an elective cash distribution to be paid in the amount of \$2.27950 per share of common stock, on January 31, 2013, to shareholders of record at the close of business on December 21, 2012. As announced, the distribution was payable in the Fund's common stock. However, shareholders had the option to request that their distributions be paid in cash in lieu of common stock. The aggregate amount of cash distributions to all stockholders was limited to 20% of the aggregate dollar amount of the total distribution. Because cash distribution requests exceeded this limit, the Fund pro rated the cash distribution among all stockholders who made such requests. Shareholders who requested cash distributions received \$0.67042 per share or 29.41% of the distribution in cash and received the balance in the Fund's common stock. For purposes of computing the stock portion of the dividend, the common stock distributed was valued at \$12.43 per share, which equaled the average closing price of the Fund's common shares on the NYSE Mkt on January 23, 2013 and the two preceding trading days. Following the closing of the elective cash distribution, the Fund's number of outstanding shares was 9,485,247.

Open Market Repurchase Program

The Fund's policy is generally to buy back Fund shares on the open market when the Fund trades at certain discounts to NAV. During the fiscal year ended December 31, 2012 and fiscal year ended December 31, 2011, the Fund did not repurchase any shares through this program.

Portfolio Holdings Disclosure

The Fund files its complete schedule of portfolio holdings with the Securities Exchange Commission (SEC) for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information about the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The information on Form N-Q is also available to shareholders on the Fund's website or upon request and without charge by calling Investor Relations toll-free at 1-866-839-5205.

Proxy Voting

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities, and information regarding how the Fund voted proxies relating to portfolio securities during the most recent twelve months ended June 30 is available by August 30 of the relevant year: (i) upon request and without charge by calling Investor Relations toll-free at 1-866-839-5205; and (ii) on the SEC's website at <http://www.sec.gov>.

Investor Relations Information

As part of our ongoing commitment to provide information to our shareholders, I invite you to visit the Fund on the web at www.aberdeenfif.com. From this page, you can view monthly fact sheets, portfolio manager commentary, distribution and performance information, updated daily fact sheets courtesy of Morningstar®, conduct portfolio charting and other timely data.

Please take a look at Aberdeen's Closed-End Fund Talk Channel, where you can watch fund manager web casts and view our latest short films. For replays of recent broadcasts or to register for upcoming events, please visit Aberdeen's Closed-End Fund Talk Channel at www.aberdeen-asset.us/aam.nsf/usClosed/aberdeentv.

Please ensure that you are enrolled in our email services, which feature timely news from our portfolio managers around the world. Enroll today at www.aberdeen-asset.us/aam.nsf/usclosed/email and be among the first to receive the latest closed-end fund news, announcements of upcoming fund manager web casts, films and other

Letter to Shareholders (concluded)

information. Please note that Aberdeen does not share our shareholder information with any other organizations.

Included within this report is a reply card with postage paid envelope. Please complete and mail the card if you would like to be added to our enhanced email service and receive future communications from Aberdeen.

Please contact Aberdeen Asset Management Inc. by:

- Calling toll free at 1-866-839-5205 in the United States;
- Emailing InvestorRelations@aberdeen-asset.com;
- Visiting Aberdeen Closed-End Fund Center at <http://www.aberdeen-asset.us/aam.nsf/usClosed/home>;
- Visiting www.aberdeenif.com.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Christian Pittard', with a large, stylized flourish at the end.

Christian Pittard
President

Report of the Investment Manager (unaudited)

Market Review

Indonesian equities rose last year, with the MSCI Indonesia Index ending 2012 5.2% higher in U.S. dollar terms. Indonesia lagged its regional peers, including star performers Thailand and the Philippines, largely on concerns about the rising current account deficit, potential inflationary pressures and general regulatory uncertainty. The weakening Rupiah, which was the second-worst performer in Asia after the Japanese Yen, also weighed on U.S. dollar returns. However, the benchmark rose to record highs in November as positive economic data elsewhere in the world raised optimism that the global economy was on the road to recovery.

GDP grew by 6.3% over the year, thanks to robust domestic demand and foreign investment inflows. Easing commodity prices, along with the weak Rupiah which pushed up import costs, exacerbated the trade deficit, causing it to reach a record US\$1.5 billion in October. Inflation stayed at a manageable rate over the year due to stable food prices and opposition to President Yudhoyono's attempt to cut fuel subsidies, however an increase to minimum wages and electricity prices fuelled inflationary expectations. The central bank kept interest rates unchanged at 5.75% after a 25 basis point cut in February.

On the policy front, Bank Indonesia announced new regulations aimed at strengthening the domestic banking system in November. Lenders will have to maintain a capital adequacy ratio of between 8% and 14%, depending on their risk profile, as opposed to the current flat rate of 8%. Also, following mass protests, newly-elected governor Joko Widodo agreed to raise Jakarta's minimum wage by 44% in 2013. While this should help increase the spending power of the lowest strata of the consumer class, it is also expected to weigh on the margins of the more labour-intensive companies in Indonesia.

Outlook

Looking ahead, investor sentiment is likely to stay vulnerable to many of the same concerns from the past year. Debt issues in the US are still unresolved, and the International Monetary Fund recently cut global growth estimates on continued weakness in the Eurozone. Domestically, though, Indonesia's fundamentals remain relatively attractive. Jakarta's minimum wage hike and the corresponding increase in disposable incomes should bode well for domestic demand. On the other hand, the current account deficit is likely to persist into 2013 and continue to put pressure on the local currency. That said, we feel our holdings remain in good shape and we are confident that they are well-placed to benefit from Indonesia's consumer story in the years to come.

Dividend Reinvestment and Cash Purchase Plan (unaudited)

Computershare Trust Company, N.A., the Fund's transfer agent, sponsors and administers a Dividend Reinvestment and Direct Stock Purchase Plan (the "Plan"), which is available to shareholders.

The Plan allows registered shareholders and first time investors to buy and sell shares and automatically reinvest dividends and capital gains through the transfer agent. This is a cost-effective way to invest in the Fund.

Please note that for both purchases and reinvestment purposes, shares will be purchased in the open market at the current share price and cannot be issued directly by the Fund.

For more information about the Plan and a brochure that includes the terms and conditions of the Plan, please call Computershare at 1-800-647-0584 or visit www.computershare.com/buyaberdeen.

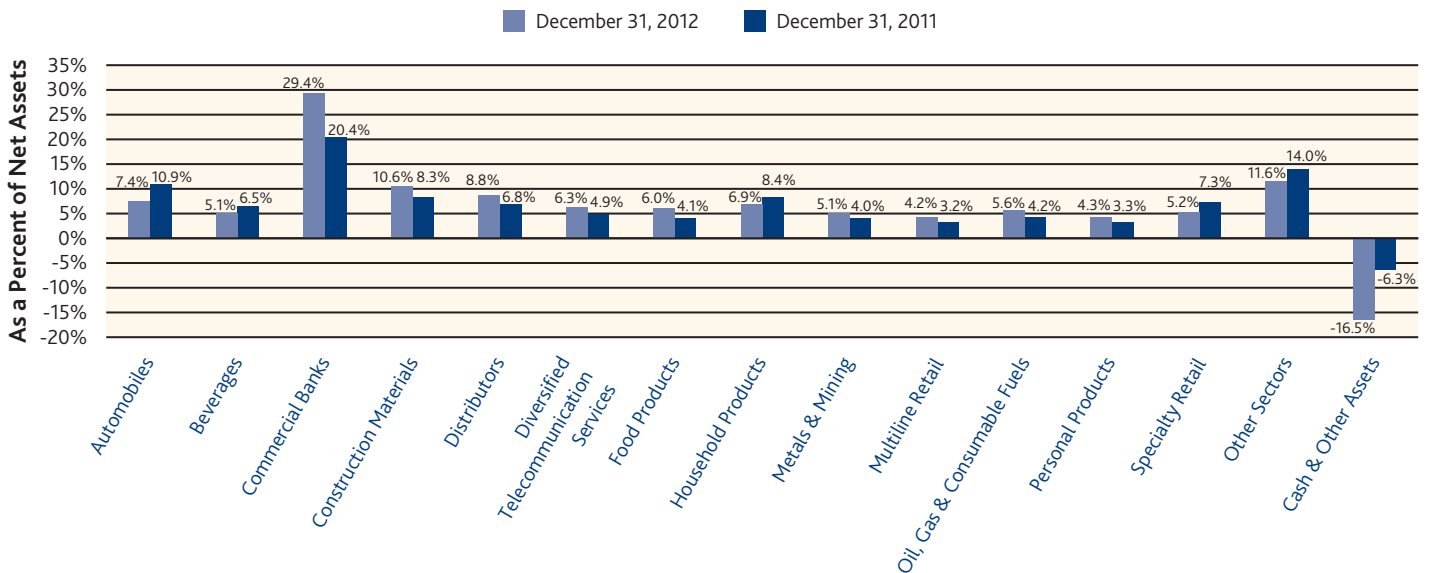
Portfolio Summary (unaudited)

December 31, 2012

The following chart summarizes the composition of the Fund's portfolio, in industry classification standard sectors, expressed as a percentage of net assets. An industry classification standard sector can include more than one industry group. As of December 31, 2012, the Fund did not have more than 25% of its assets invested in any industry group. The sectors, as classified by S&P's Global Industry Classification Standard Sectors, are comprised of several industry groups.

The following chart summarizes the composition of the Fund's portfolio, in sector classification, expressed as a percentage of net assets.

Sector Allocation



Top 10 Holdings, by Issuer (unaudited)

December 31, 2012

Rank	Holding	Sector	Percent of Net Assets
1.	PT Bank OCBC NISP Tbk	Commercial Banks	12.3%
2.	PT Bank Permata Tbk	Commercial Banks	9.8%
3.	Jardine Cycle & Carriage Limited	Distributors	8.8%
4.	PT Holcim Indonesia Tbk	Construction Materials	8.7%
5.	PT Astra International Tbk	Automobiles	7.4%
6.	PT Unilever Indonesia Tbk	Household Products	6.9%
7.	PT Indo Tambangraya Megah	Oil, Gas & Consumable Fuels	5.6%
8.	PT Ace Hardware Indonesia Tbk	Specialty Retail	5.2%
9.	PT Multi Bintang Indonesia Tbk	Beverages	5.1%
10.	PT Vale Indonesia Tbk	Metals & Mining	5.1%

Average Annual Returns (unaudited)

December 31, 2012

The following table summarizes Fund performance compared to the MSCI Indonesia index, the Fund's benchmark, for the 1-year, 3-year, 5-year and 10-year periods ended December 31, 2012.

	1 Year	3 Years	5 Years	10 Years
Net Asset Value (NAV)	21.71%	22.17%	10.24%	26.30%
Market Value	19.00%	20.41%	9.34%	27.88%
MSCI Indonesia Index	5.22%	14.69%	8.50%	29.04%

*Aberdeen Asset Management Asia Limited may waive fees and/or reimburse expenses, but has made no determination to do so. Returns represent past performance. Total investment return at net asset value is based on changes in the net asset value of Fund shares and assumes reinvestment of dividends and distributions, if any, at prices pursuant to the Fund's dividend reinvestment program. Total investment return at market value is based on changes in the market price at which the Fund's shares traded on the NYSE MKT during the period and assumes reinvestment of dividends and distributions, if any, at prices pursuant to the Fund's dividend reinvestment program administered by Computershare Trust Company, N.A., the Fund's transfer agent. Because the Fund's shares trade in the stock market based on investor demand, the Fund may trade at a price higher or lower than its NAV. Therefore, returns are calculated based on both market price and NAV. **Past performance is no guarantee of future results.** The performance information provided does not reflect the deduction of taxes that a shareholder would pay on distributions received from the Fund. The current performance of the Fund may be lower or higher than the figures shown. The Fund's yield, return, market price and NAV will fluctuate. Performance information current to the most recent month-end is available by calling 866-839-5205.*

The annualized gross and net expense ratios are 1.42%.

Portfolio of Investments

As of December 31, 2012

No. of Shares	Description	Value
LONG-TERM EQUITY SECURITIES—116.5%		
INDONESIA—101.9%		
AUTOMOBILES—7.4%		
10,081,610	PT Astra International Tbk ^(a)	\$ 7,986,127
BEVERAGES—5.1%		
72,000	PT Multi Bintang Indonesia Tbk	5,528,405
COMMERCIAL BANKS—24.8%		
3,030,000	PT Bank Central Asia Tbk ^(a)	2,870,887
83,968,617	PT Bank OCBC NISP Tbk ^(b)	13,330,426
76,993,816	PT Bank Permata Tbk ^{(a)(b)}	10,577,843
		26,779,156
CONSTRUCTION MATERIALS—10.6%		
30,969,000	PT Holcim Indonesia Tbk ^(a)	9,354,764
881,000	PT Indocement Tunggul Prakarsa Tbk ^(a)	2,058,055
		11,412,819
DIVERSIFIED TELECOMMUNICATION SERVICES—6.3%		
3,825,560	PT Telekomunikasi Indonesia Tbk ^(a)	3,605,695
5,448,000	PT XL Axiata Tbk ^(a)	3,232,706
		6,838,401
FOOD PRODUCTS—4.8%		
655,240	MP Evans Group PLC ^(c)	5,188,972
GAS UTILITIES—3.7%		
8,295,500	PT Perusahaan Gas Negara Persero Tbk ^(a)	3,972,242
HOUSEHOLD PRODUCTS—6.9%		
3,438,000	PT Unilever Indonesia Tbk ^(a)	7,453,643
MARINE—1.2%		
25,709,000	PT Wintermar Offshore Marine Tbk ^(a)	1,284,544
METALS & MINING—5.1%		
22,348,000	PT Vale Indonesia Tbk ^(a)	5,485,380
MULTILINE RETAIL—4.2%		
35,883,000	PT Ramayana Lestari Sentosa Tbk ^(a)	4,560,705
OIL, GAS & CONSUMABLE FUELS—5.6%		
1,404,500	PT Indo Tambangraya Megah ^(a)	6,080,186
PERSONAL PRODUCTS—4.3%		
4,186,000	PT Mandom Indonesia Tbk	4,614,916
PHARMACEUTICALS—1.8%		
125,000	PT Merck Tbk ^(d)	1,945,525
SPECIALTY RETAIL—5.2%		
65,165,000	PT Ace Hardware Indonesia Tbk ^(a)	5,573,851
TEXTILES, APPAREL & LUXURY GOODS—2.3%		
428,000	PT Sepatu Bata Tbk ^(d)	2,509,157
TRADING COMPANIES & DISTRIBUTORS—2.6%		
6,543,000	PT AKR Corporindo Tbk ^(a)	2,833,432
Total Indonesia (cost \$59,955,127)		110,047,461

Portfolio of Investments (concluded)

As of December 31, 2012

No. of Shares	Description	Value
LONG-TERM EQUITY SECURITIES (continued)		
SINGAPORE—14.6%		
COMMERCIAL BANKS—4.6%		
319,660	Oversea-Chinese Banking Corp. Limited ^(a)	\$ 2,575,815
141,013	United Overseas Bank Limited ^(a)	2,313,183
		4,888,998
DISTRIBUTORS—8.8%		
239,000	Jardine Cycle & Carriage Limited ^{(a)(e)}	9,519,319
FOOD PRODUCTS—1.2%		
458,000	Petra Foods Ltd. ^(a)	1,292,027
	Total Singapore (cost \$8,143,983)	15,700,344
	Total Long-Term Equity Securities (cost \$68,099,110)	125,747,805
Principal Amount (000's)		
SHORT-TERM INVESTMENT—2.5%		
GRAND CAYMAN—2.5%		
\$2,703	Wells Fargo, overnight deposit, 0.03%, 01/02/13 (cost \$2,703,000)	2,703,000
	Total Investments—119.0% (cost \$70,802,110)	128,450,805
	Liabilities in Excess of Cash and Other Assets—(19.0)%	(20,475,451)
	Net Assets—100.0%	\$107,975,354

(a) Security was fair valued as of December 31, 2012. Security is valued at fair value as determined in good faith by, or under the direction of, the Board of Directors (the "Board") under procedures established by the Board. (See Note 2).

(b) Non-income producing security.

(c) UK listed security, but majority of the security's business is conducted in Indonesia.

(d) Illiquid Security.

(e) Singapore listed security, but majority of the securities business is conducted in Indonesia.

See Notes to Financial Statements.

Statement of Assets and Liabilities

As of December 31, 2012

Assets	
Investments, at value (Cost \$70,802,110)	\$ 128,450,805
Cash	833
Dividends receivable	106,254
Prepaid expenses	13,924
Investments sold receivable	377
Total assets	128,572,193
Liabilities	
Dividends and distributions (Note 2)	18,855,846
Investments purchased payable	1,306,007
Investment advisory fees payable (Note 3)	301,102
Investor Relations fees payable (Note 3)	29,032
Administration fees payable (Note 3)	5,001
Directors' fees payable	5,000
Accrued expenses and other liabilities	94,851
Total liabilities	20,596,839
Net Assets	\$ 107,975,354
Net Assets consist of	
Capital stock, \$0.001 par value (Note 5)	\$ 8,272
Paid-in capital	48,216,860
Undistributed net investment income	68,586
Accumulated net realized gain on investments and foreign currency related transactions	2,037,808
Net unrealized appreciation on investments and foreign currency translation	57,643,828
Net Assets applicable to shares outstanding	\$ 107,975,354
Net asset value per share, based on 8,271,922 shares issued and outstanding	\$ 13.05

See Notes to Financial Statements.

Statement of Operations

For the Year Ended December 31, 2012

Investment Income

Income:

Dividends and other income	\$ 3,217,168
Less: Foreign taxes withheld	(396,870)
Total investment income	2,820,298

Expenses:

Investment advisory fees (Note 3)	1,144,370
Custodian's fees and expenses	120,939
Directors' fees and expenses	110,519
Legal fees and expenses	64,450
Investor relations fees and expenses (Note 3)	58,756
Reports to shareholders and proxy solicitation	53,505
Independent auditor's fees and expenses	32,900
Administration fees (Note 3)	30,001
Insurance expense	23,794
Transfer agent's fees and expenses	21,579
Miscellaneous	22,600
Total expenses	1,683,413

Net investment income	1,136,885
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Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Currency Related Transactions

Net realized gain/(loss) on:

Investment transactions	20,175,657
Foreign currency transactions	(168,756)
Net change in unrealized appreciation of investments and foreign currency translation	866,663
Net realized and unrealized gain on investments and foreign currency transactions	20,873,564
Net Increase in Net Assets Resulting from Operations	\$22,010,449

See Notes to Financial Statements.

Statements of Changes in Net Assets

	For the Year Ended December 31, 2012	For the Year Ended December 31, 2011
Increase/(Decrease) in Net Assets		
Operations:		
Net investment income	\$ 1,136,885	\$ 1,303,019
Net realized gain on investments and foreign currency related transactions	20,006,901	8,077,738
Net change in unrealized appreciation/(depreciation) on investments and foreign currency translations	866,663	(12,330,249)
Net increase/(decrease) in net assets resulting from operations	22,010,449	(2,949,492)
Dividends and distributions to shareholders from:		
Net investment income	(922,815)	(1,391,585)
Net realized gain on investments	(19,627,948)	(8,178,698)
Total dividends and distributions to shareholders	(20,550,763)	(9,570,283)
Total increase/(decrease) in net assets resulting from operations	1,459,686	(12,519,775)
Net Assets		
Beginning of year	106,515,668	119,035,443
End of year*	\$ 107,975,354	\$ 106,515,668

* Includes undistributed net investment income of \$68,586 and \$23,328, respectively.

See Notes to Financial Statements.

Financial Highlights

	For the Fiscal Years Ended December 31,				
	2012	2011	2010	2009	2008
PER SHARE OPERATING PERFORMANCE(a)					
Net asset value, beginning of year	\$12.88	\$14.39	\$10.17	\$5.68	\$12.89
Net investment income	0.14	0.16	0.07	0.06	0.09
Net realized and unrealized gain/(loss) on investments and foreign currency related transactions	2.51	(0.51)	5.19	5.63(b)	(7.23)
Net increase/(decrease) in net assets resulting from operations	2.65	(0.35)	5.26	5.69	(7.14)
Dividends and distributions to shareholders from:					
Net investment income	(0.11)	(0.17)	(0.07)	(0.03)	(0.07)
Net realized gain	(2.37)	(0.99)	(0.97)	(1.17)	—
Total dividends and distributions to shareholders	(2.48)	(1.16)	(1.04)	(1.20)	(0.07)
Net asset value, end of year	\$13.05	\$12.88	\$14.39	\$10.17	\$5.68
Market value, end of year	\$11.67	\$11.78	\$13.31	\$9.50	\$5.10
Total Investment Return Based on:(c)					
Market value	19.00%	(3.05%)	51.35%	107.82%	(56.94%)
Net asset value	21.71%	(1.95%)	52.85%	99.76%	(55.32%)
Ratio/Supplementary Data					
Net assets, end of year (000 omitted)	\$107,975	\$106,516	\$119,035	\$84,135	\$47,002
Average net assets (000 omitted)	\$118,819	\$116,435	\$105,572	\$67,781	\$81,652
Ratio of expenses to average net assets, net of fee waivers	1.42%	1.43%	1.52%	1.57%	1.62%
Ratio of net investment income to average net assets	0.96%	1.12%	0.54%	0.67%	0.95%
Portfolio turnover rate	16.64%	5.15%	10.20%	88.34%	33.05%

(a) Based on average shares outstanding.

(b) The investment adviser fully reimbursed the Fund for a loss on a transaction not meeting the Fund's investment guidelines, which otherwise would have reduced the amount by \$0.02.

(c) Total investment return is calculated assuming a purchase of common stock on the first day and a sale on the last day of each reporting period. Dividends and distributions, if any, are assumed, for purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions.

See Notes to Financial Statements.

Notes to Financial Statements

December 31, 2012

1. Organization

Aberdeen Indonesia Fund, Inc. (the "Fund"), was incorporated in Maryland on January 8, 1990 and commenced investment operations on March 9, 1990. The Fund is registered under the Investment Company Act of 1940, as amended (the "1940 Act"), as a closed-end, non-diversified management investment company. The Fund trades on the NYSE MKT under the ticker symbol "IF".

The Fund seeks long-term capital appreciation as a primary objective and income as a secondary objective by investing primarily in Indonesian equity and debt securities.

2. Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements. The financial statements of the Fund are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses for the period. Actual results could differ from those estimates. The U.S. Dollar is used as both the functional and reporting currency.

(a) Security Valuation:

The Fund is required to value its securities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Equity securities that are traded on an exchange are valued at the last quoted sale price on the principal exchange on which the security is traded at the "Valuation Time." The Valuation Time is as of the close of regular trading on the New York Stock Exchange (usually 4:00 p.m. Eastern Time). In the absence of a sale price, the security is valued at the mean of the bid/ask price quoted at the close on the principal exchange on which the security is traded. Securities traded on the NASDAQ are valued at the NASDAQ official closing price. Closed-end funds and exchange traded funds are valued at the market price of the security at the Valuation Time. A security using any of these pricing methodologies is determined as a Level 1 investment.

Foreign equity securities that are traded on foreign exchanges that close prior to the Valuation Time are valued by applying fair valuation factors to the last sale price. Fair valuation factors are provided by an independent pricing service provider. When fair value factors are

utilized, the value assigned to the foreign securities may not be the same as quoted or published prices of the securities on their primary markets. These factors are based on inputs such as, depositary receipts, S&P 500 Index/S&P 500 Futures, Nikkei 225 Futures, sector indices/ETFs, exchange rates, and historical opening and closing prices of each security. If the pricing service is unable to provide a valuation factor, or if the valuation factor falls below a predetermined threshold, the security is valued at the last sale price. A security that applies a fair valuation factor is determined as a Level 2 investment. When no fair valuation factor is applied, the security is determined as a Level 1 investment.

In the event that a security's market quotation is not readily available or is deemed unreliable, the fair value of a security is determined by the Fund's Pricing Committee (which is appointed by the Board of Directors), taking into account the relevant factors and surrounding circumstances. A security that has been fair valued may be classified as Level 2 or 3 depending on the nature of the inputs.

In accordance with the authoritative guidance on fair value measurements and disclosures under GAAP, the Fund discloses the fair value of its investments in a hierarchy that classifies the inputs to valuation techniques used to measure the fair value. The hierarchy assigns Level 1 measurements to valuations based upon unadjusted quoted prices in active markets for identical assets, Level 2 measurements to valuations based upon adjusted quoted prices in active markets for identical assets and Level 3 measurements to valuations based upon unobservable inputs that are significant to the valuation. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability, which are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized below:

- Level 1 – quoted prices in active markets for identical investments;
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc); or
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement.

Notes to Financial Statements (continued)

December 31, 2012

The following is a summary of the inputs used as of December 31, 2012 in valuing the Fund's investments carried at fair value. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Refer to the Portfolio of Investments for a detailed breakout of the security types:

Investments, at value	Level 1	Level 2	Level 3	Balance as of 12/31/2012
Long-Term Investments				
Beverages	5,528,405	–	–	5,528,405
Commercial Banks	13,330,426	18,337,728	–	31,668,154
Food Products	5,188,972	1,292,027	–	6,480,999
Personal Products	4,614,916	–	–	4,614,916
Pharmaceuticals	1,945,525	–	–	1,945,525
Textiles, Apparel & Luxury Goods	–	–	2,509,157	2,509,157
Other	–	73,000,649	–	73,000,649
Short-Term Investments	–	2,703,000	–	2,703,000
Total	\$30,608,244	\$95,333,404	\$2,509,157	\$128,450,805

Amounts listed as “–” are \$0 or round to \$0.

For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing transfers at the end of each period. As described above, certain foreign securities are fair valued utilizing an independent pricing service to reflect any significant market movements between the time the Fund values such foreign securities and the earlier closing of foreign markets. For some securities, the pricing service is unable to provide a valuation factor. The utilization of these procedures results in transfers between Level 1 and Level 2. During the year ended December 31, 2012, securities issued by MP Evans Group PLC and PT Bank OCBC NISP Tbk in the amounts of \$5,188,972 and \$13,330,426, respectively, transferred from Level 2 to Level 1 because there was not a fair value factor available. During the year ended December 31, 2012, the securities issued by PT Sepatu Bata Tbk, in the amount of \$2,509,157, transferred from Level 1 to Level 3 as the security was not being actively priced and was fair valued by the Fund's Pricing Committee using the last available mean price with no adjustment. For the year ended December 31, 2012, there have been no significant changes to the fair valuation methodologies.

(b) Short-Term Investment:

The Fund sweeps available cash into a short-term time deposit available through Brown Brothers Harriman & Co. (“BBH & Co.”), the Fund's custodian. The short-term time deposit is a variable rate account classified as a short-term investment.

(c) Foreign Currency Transactions:

Foreign currency amounts are translated into U.S. Dollars on the following basis:

- (I) market value of investment securities, other assets and liabilities at the rate of exchange at the Valuation Time; and
- (II) purchases and sales of investment securities, income and expenses at the relevant rates of exchange prevailing on the respective dates of such transactions.

The Fund does not isolate that portion of gains and losses on investments in equity securities which is due to changes in the foreign exchange rates from that which is due to changes in market prices of equity securities. Accordingly, realized and unrealized foreign currency gains and losses with respect to such securities are included in the reported net realized and unrealized gains and losses on investment transactions balances.

The Fund reports certain foreign currency related transactions and foreign taxes withheld on security transactions as components of realized gains for financial reporting purposes, whereas such foreign currency related transactions are treated as ordinary income for U.S. federal income tax purposes.

Net unrealized currency gains or losses from valuing foreign currency denominated assets and liabilities at period end exchange rates are reflected as a component of net unrealized appreciation/depreciation

Notes to Financial Statements (continued)

December 31, 2012

in value of investments, and translation of other assets and liabilities denominated in foreign currencies.

Net realized foreign currency transactions represent foreign exchange gains and losses from transactions in foreign currencies and forward foreign currency contracts, exchange gains or losses realized between the trade date and settlement date on security transactions, and the difference between the amounts of interest and dividends recorded on the Fund's books and the U.S. Dollar equivalent of the amounts actually received.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of domestic origin, including unanticipated movements in the value of the foreign currency relative to the U.S. Dollar. When the U.S. Dollar rises in value against foreign currency, the Fund's investments denominated in that currency will lose value because its currency is worth fewer U.S. Dollars; the opposite effect occurs if the U.S. Dollar falls in relative value.

(d) Security Transactions and Investment Income:

Securities transactions are recorded on the trade date. Realized and unrealized gains/(losses) from security and currency transactions are calculated on the identified cost basis. Dividend income is recorded on the ex-dividend date except for certain dividends on foreign securities, which are recorded as soon as the Fund is informed after the ex-dividend date. Interest income is recorded on an accrual basis. Expenses are recorded on an accrual basis.

(e) Distributions:

On an annual basis, the Fund intends to distribute its net realized capital gains, if any, by way of a final distribution to be declared during the calendar quarter ending December 31. Dividends and distributions to shareholders are recorded on the ex-dividend date.

Dividends and distributions to shareholders are determined in accordance with federal income tax regulations, which may differ from GAAP. These differences are primarily due to differing treatments for foreign currencies.

(f) Federal Income Taxes:

The Fund intends to qualify or continue to qualify as a "regulated investment company" by complying with the provisions available to certain investment companies, as defined in Subchapter M of the Internal Revenue Code of 1986, as amended ("IRC"), and to make distributions of net investment income and net realized capital gains sufficient to relieve the Fund from all, or substantially all, federal income taxes. Therefore, no federal income tax provision is required.

The Fund recognizes the tax benefits of uncertain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. Management of the Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Since tax authorities can examine previously filed tax returns, the Fund's U.S. federal tax returns for each of the prior four years up to the year ended December 31, 2012 are subject to such review.

3. Agreements and Transactions With Affiliates

(a) Investment Adviser:

Aberdeen Asset Management Asia Limited ("AAMAL") serves as the Fund's investment adviser with respect to all investments. AAMAL is a direct wholly-owned subsidiary of Aberdeen Asset Management PLC. AAMAL receives as compensation for its advisory services from the Fund an annual fee, calculated weekly and paid quarterly, equal to 1.00% of the first \$50 million of the Fund's average weekly net assets, 0.95% of the next \$50 million and 0.90% of amounts above \$100 million. For the year ended December 31, 2012, AAMAL earned \$1,144,370 for advisory services to the Fund.

(b) Fund Administration:

BBH & Co. is the Administrator for the Fund and certain other funds advised by AAMAL and its affiliates (collectively the "Funds"). The Funds pay BBH & Co. a monthly administration and fund accounting service fee at an annual rate of 0.02% of the Funds' aggregate assets up to \$250 million, 0.015% for the next \$250 million and 0.01% in excess of \$500 million.

Each Fund pays its pro rata portion of the fee based on its level of assets with a monthly minimum of \$2,500. For the year ended December 31, 2012, BBH & Co. earned \$30,001 from the Fund for administrative and fund accounting services.

(c) Investor Relations:

Under the terms of an Investor Relations Services Agreement, Aberdeen Asset Management Inc. ("AAMI"), an affiliate of AAMAL, provides investor relations services to the Fund and certain other funds advised by AAMAL or its affiliates.

Pursuant to the terms of the Investor Relations Services Agreement, AAMI, among other things, provides objective and timely information to shareholders based on publicly-available information; provides information efficiently through the use of technology while offering shareholders immediate access to knowledgeable investor relations representatives; develops and maintains effective communications with investment professionals from a wide variety of firms; creates and

Notes to Financial Statements (continued)

December 31, 2012

maintains investor relations communication materials such as fund manager interviews, films and webcasts, published white papers, magazine and articles and other relevant materials discussing the Fund's investment results, portfolio positioning and outlook; develops and maintains of effective communications with large institutional shareholders; responds to specific shareholder questions; and reports activities and results to the Board and management detailing insight into general shareholder sentiment.

For the year ended December 31, 2012, the Fund paid fees of approximately \$58,756 for investor relations services. Investor relations fees and expenses in the Statement of Operations include certain out-of-pocket expenses.

(d) Director Purchase Plan:

Fifty percent (50%) of the annual retainer of the Independent Directors is invested in Fund shares and, at the option of each Independent Director, 100% of the annual retainer can be invested in shares of the Fund. During the year ended December 31, 2012, 3,082 shares were purchased pursuant to the Directors compensation plan. As of December 31, 2012, the Directors as a group owned less than 1% of the Fund's outstanding shares.

4. Investment Transactions

For the year ended December 31, 2012, Fund purchases and sales of securities, other than short-term investments, were \$19,671,912 and \$33,503,842, respectively.

5. Capital

The authorized capital stock of the Fund is 100,000,000 shares of common stock, \$0.001 par value. As of December 31, 2012, the Fund had 8,271,922 shares issued and outstanding. Please see Note 12 for information regarding the declaration of an elective cash distribution paid in the amount of \$2.27950 per share of common stock on January 31, 2013 to shareholders of record as of the close of business on December 21, 2012.

6. Credit Facility

The Fund was a party to a joint credit facility along with certain other funds advised by AAMAL and its affiliates (collectively the "Funds"). The Funds agreed to a \$10 million committed revolving joint credit facility with BBH & Co. for temporary or emergency purposes. Under the terms of the joint credit facility, the Funds paid an aggregate commitment fee on the average unused amount of the credit facility. In addition, the Funds paid interest on borrowings at the Overnight LIBOR rate plus a spread. For the year ended December 31, 2012, the Fund had no borrowings under the joint credit facility. The Board

determined the renewal of the credit facility was not necessary and therefore the facility expired on November 9, 2012.

7. Open Market Repurchase Program

The Board authorized, but does not require, management to make open market purchases from time to time in an amount up to 10% of the Fund's outstanding shares, in accordance with Rule 10b-18 under the Securities Exchange Act of 1934, as amended, and other applicable federal securities laws. Such purchases may be made when, in the reasonable judgment of management, such repurchases may enhance shareholder value and when each such Fund's shares are trading at a discount to net asset value of 12% or more, subject to intraday fluctuations that may result in repurchases at discounts below 12%. The Board has instructed management to report repurchase activity to it regularly, and to post the number of shares repurchased on the Fund's website on a monthly basis. For the year ended December 31, 2012, the Fund did not repurchase any shares through this program.

8. Portfolio Investment Risks

(a) Risks Associated with Foreign Securities and Currencies:

Investments in securities of foreign issuers carry certain risks not ordinarily associated with investments in securities of U.S. issuers. Such risks include, among others, currency risk, information risk and political risk. Currency risk results from securities denominated in currencies other than U.S. Dollars that are subject to changes in value due to fluctuations in exchange rates. Information risk arises with respect to foreign securities when key information about foreign issuers may be inaccurate or unavailable. Political risk includes future political and economic developments, and the possible imposition of exchange controls or other foreign governmental laws and restrictions. In addition, with respect to certain countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments, which could adversely affect investments in those countries. Other risks of investing in foreign securities include liquidity and valuation risks.

Certain countries also may impose substantial restrictions on investments in their capital markets by foreign entities, including restrictions on investments in issuers of industries deemed sensitive to relevant national interests. These factors may limit the investment opportunities available and result in a lack of liquidity and high price volatility with respect to securities of issuers from developing countries.

Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if there is deterioration in a country's balance of payments or for other reasons, a country may impose

Notes to Financial Statements (continued)

December 31, 2012

temporary restrictions on foreign capital remittances abroad. Amounts repatriated prior to the end of specified periods may be subject to taxes as imposed by a foreign country.

(b) Risks Associated with Indonesian Markets:

The limited liquidity of the Indonesian and other foreign securities markets may also affect the Fund's ability to acquire or dispose of securities at a price and time that it wishes to do so. Accordingly, in periods of rising market prices, the Fund may be unable to participate in such price increases fully to the extent that it is unable to acquire desired portfolio positions quickly; conversely the Fund's inability to dispose fully and promptly of positions in declining markets will cause its net asset value to decline as the value of unsold positions is marked to lower prices.

The Indonesian securities market is an emerging market characterized by a small number of company listings, high price volatility and a relatively illiquid secondary trading environment. These factors, coupled with restrictions on investment by foreigners and other factors, limit the supply of securities available for investment by the Fund. This will affect the rate at which the Fund is able to invest in Indonesian and other foreign securities, the purchase and sale prices for such securities and the timing of purchases and sales.

(c) Risks Associated with European Markets:

A number of countries in Europe have experienced severe economic and financial difficulties. Many non-governmental issuers, and even certain governments, have defaulted on, or been forced to restructure, their debts; many other issuers have faced difficulties obtaining credit or refinancing existing obligations; financial institutions have in many

cases required government or central bank support, have needed to raise capital, and/or have been impaired in their ability to extend credit; and financial markets in Europe and elsewhere have experienced extreme volatility and declines in asset values and liquidity. These difficulties may continue, worsen or spread within and without Europe whether or not the Fund invests in securities of issuers located in Europe or with significant exposure to European issuers or countries, these events could negatively affect the value and liquidity of the Fund's investments.

9. Contingencies

In the normal course of business, the Fund may provide general indemnifications pursuant to certain contracts and organizational documents. The Fund's maximum exposure under these arrangements is dependent on future claims that may be made against the Fund and, therefore, cannot be estimated; however, based on experience, the risk of loss from such claims is considered remote.

10. Tax Information

The U.S. federal income tax basis of the Fund's investments and the net unrealized appreciation as of December 31, 2012 were as follows:

Tax Basis of Investments	Appreciation	Depreciation	Net Unrealized Appreciation
\$70,837,854	\$60,994,904	\$(3,381,953)	\$57,612,951

Income and capital gain distributions are determined in accordance with federal income tax regulations, which may differ from GAAP.

The tax character of distributions paid during the fiscal years ended December 31, 2012 and December 31, 2011 was as follows:

	December 31, 2012	December 31, 2011
Distributions paid from:		
Ordinary Income	\$1,222,260	\$2,022,320
Long Term Capital Gains	19,328,503	7,547,963
Total tax character of distributions	\$20,550,763	\$9,570,283

At December 31, 2012, the components of accumulated earnings on a tax basis, for the Fund were as follows:

Undistributed Ordinary Income	\$68,586
Undistributed Long-Term Capital Gains	2,073,552
Other Book/Tax temporary Differences	(35,744)
Unrealized Appreciation	57,643,828
Total accumulated earnings	\$59,750,222

Notes to Financial Statements (concluded)

December 31, 2012

During the year ended December 31, 2012, the Fund did not have any and therefore did not utilize any capital loss carryforwards. Under the Regulated Investment Company Modernization Act of 2010, the Fund will be permitted to carry forward capital losses incurred in taxable years beginning after December 22, 2010 for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years. As a result of this ordering rule, pre-enactment capital loss carryforwards may be more likely to expire unused. Additionally, post-enactment capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term as under previous law.

GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. Accordingly, during the current year, \$168,812 has been reclassified from undistributed net investment income to accumulated net realized gains on investments and foreign currency related transactions as a result of permanent differences primarily attributable to foreign currency transactions. These reclassifications have no effect on net assets or net asset values per share.

11. Recent Accounting Pronouncements

In December 2011, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU"). No. 2011-11, Balance Sheet (Topic 210): "Disclosures about Offsetting Assets and Liabilities". The amendments in the ASU enhance disclosures about offsetting of financial assets and liabilities to enable investors to understand the effect of these arrangements on a fund's financial position. In January 2013, FASB issued ASU No. 2013-01, Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities. The amendments in ASU No. 2013-01 clarify the intended

scope of disclosures required by ASU No. 2011-11. These ASU's are effective for interim and annual reporting periods beginning on or after January 1, 2013. The Fund believes the adoption of these ASU's will not have a material impact on its financial statements.

12. Subsequent Events

Management has evaluated the need for disclosures and/or adjustments resulting from subsequent events through the date the financials statements were issued. Based on this evaluation, no adjustments were required to the financial statements as of December 31, 2012.

On December 4, 2012 the Board of Directors declared the payment of an elective cash distribution to be paid in the amount of \$2.27950 per share of common stock, on January 31, 2013, to shareholders of record at the close of business on December 21, 2012. As announced, the distribution was payable in the Fund's common stock. However, shareholders had the option to request that their distributions be paid in cash in lieu of common stock. The aggregate amount of cash distributions to all stockholders was limited to 20% of the aggregate dollar amount of the total distribution. Because cash distribution requests exceeded this limit, the Fund pro-rated the cash distribution among all stockholders who made such requests. Shareholders who requested cash distributions received \$0.67042 per share or 29.41% of the distribution in cash and received the balance in the Fund's common stock. For purposes of computing the stock portion of the dividend, the common stock distributed was valued at \$12.43 per share, which equaled the average closing price of the Fund's common shares on the NYSE Mkt on January 23, 2013 and the two preceding trading days. Following the closing of the elective cash distribution, the Fund's number of outstanding shares was 9,485,247.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
Aberdeen Indonesia Fund, Inc.:

In our opinion, the accompanying statement of assets and liabilities, including the portfolio of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Aberdeen Indonesia Fund, Inc. (the "Fund") at December 31, 2012, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2012 by correspondence with the custodian, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

New York, NY
February 26, 2013

Tax Information (unaudited)

December 31, 2012

The following information is provided with respect to the distributions paid by the Aberdeen Indonesia Fund, Inc. during the fiscal year ended December 31, 2012:

Payable Date	Total Cash Distribution	Long-Term Capital Gain	Net Ordinary Dividends	Foreign Taxes Paid ⁽¹⁾	Gross Ordinary Dividend	Qualified Dividends ⁽²⁾	Foreign Source Income
10/12/12	0.204900	0.176300	0.028600	0.023989	0.052589	0.052589	0.026889
01/31/13	2.279500	2.160340	0.119160	0.023989	0.143149	0.143149	0.132649

- (1) The foreign taxes paid represent taxes incurred by the Fund on interest received from foreign sources. Foreign taxes paid may be included in taxable income with an offsetting deduction from gross income or may be taken as a credit for taxes paid to foreign governments. You should consult your tax advisor regarding the appropriate treatment of foreign taxes paid.
- (2) The Fund hereby designates the amount indicated above or the maximum amount allowable by law.

Supplemental Information (unaudited)

Board Approval of Investment Advisory Agreement

The Investment Company Act of 1940 (the "Investment Company Act") and the terms of the investment advisory agreement (the "Advisory Agreement") between the Aberdeen Indonesia Fund, Inc. (the "Fund") and Aberdeen Asset Management Asia Limited (the "Adviser") require that, the Advisory Agreement be approved annually at an in-person meeting by the Board of Directors (the "Board"), including a majority of the Directors who have no direct or indirect interest in the Advisory Agreement and are not "interested persons" of the Fund, as defined in the Investment Company Act (the "Independent Directors").

At its meeting on December 4, 2012, the Board voted unanimously to renew the Advisory Agreement between the Fund and the Adviser. In connection with its evaluation of the Advisory Agreement, the Board reviewed a broad range of information requested for this purpose and considered a variety of factors, including the following:

- (i) The nature, extent and quality of the services provided by the Adviser;
- (ii) The performance of the Fund;
- (iii) The management fee rate, which includes the advisory fee charged by the Adviser and the administration fee charged by the Fund's administrator, and the total net expense ratio of the Fund, both on an absolute basis and as compared both to a relevant peer group of funds and to fees charged by the Adviser to others;
- (iv) The extent to which economies of scale could be realized by the Adviser and shared with the Fund's shareholders;
- (v) The costs of services provided and profits realized by the Adviser;

- (vi) Other benefits realized by the Adviser or its affiliates from its relationship with the Fund; and
- (vii) Any other factors that the Board deemed relevant to its consideration.

In addition to its review of information presented to the Board during the contract renewal process, the Board considered knowledge gained from presentations by and discussions with management at regular and special meetings throughout the year. The Independent Directors were represented by independent counsel throughout the review process and convened executive sessions without management present. In its deliberations, the Board did not identify any single factor that was all-important or controlling and each Director may have attributed different weights to the various factors.

Certain of the Board considerations outlined above are discussed in more detail below.

Nature, Extent and Quality of Services. The Board received and considered various data and information regarding the nature, extent and quality of services provided under the Advisory Agreement. The Board considered, among other things, information about the background and experience of senior management and investment personnel who were responsible for managing the Fund. The Board also received presentations from and participated in information sessions with senior investment personnel of the Adviser. The Board considered information provided regarding the portfolio managers and other resources dedicated to the Fund and the investment philosophy and process followed by those individuals responsible for managing the

Supplemental Information (unaudited) (continued)

Fund. The Board, in particular, received information from the Adviser about its resources, including personnel, devoted to focusing on the geographic area in which the Fund invests. The Board was satisfied that the Adviser had appropriate resources to cover the geographic area to manage the Fund in a manner consistent with its investment objective.

The Board also evaluated the ability of the Adviser, based on its resources, reputation and other attributes, to attract and retain qualified investment professionals. In this regard, the Board considered information regarding the general nature of the compensation structure applicable to portfolio managers and other key personnel.

In addition, the Board considered and evaluated materials and information received regarding the Adviser's investment and legal compliance program and record with respect to the U.S. registered closed-end funds managed by the Adviser. The Board met in-person with and received quarterly reports from the Fund's Chief Compliance Officer.

Furthermore, the Board received and considered information about the financial viability of the Adviser to satisfy itself that the Adviser had adequate resources to perform the services required under the Advisory Agreement.

Based on the foregoing and other relevant information reviewed, the Board concluded that, overall, the nature, extent and quality of the services provided to the Fund supported renewal of the Advisory Agreement.

Investment Performance. In addition to reports received at its regular quarterly meetings, the Board received and considered information on the investment performance history of the Fund, including comparisons to the Fund's Morningstar Category average and broad-based benchmark index returns over various calendar years. The Board was provided with reports, independently prepared by Strategic Insight Mutual Fund Research and Consulting, LLC ("Strategic Insight"), which included a comprehensive analysis of the Fund's performance.

The Board recognized that the Fund outperformed its benchmark index, the MSCI Indonesia Index (the "Index"), in certain calendar years under review and underperformed the Index in other calendar years. The Board noted that, since 2009, the Fund's performance has been higher than the performance of its peer funds, as measured by the Morningstar Pacific Asia ex-Japan Category Average. The Adviser provided information about factors that contributed to the Fund's recent performance results. The Board concluded that it was generally satisfied with the Fund's performance and that the Adviser was taking appropriate actions with respect to investment performance.

Fees and Economies of Scale. The Board considered the management fee rate, which combines the advisory fee charged by the Adviser and the administration fee charged by the Fund's administrator, charged by the

Adviser to the Fund and potential economies of scale. The Board received an analysis from Strategic Insight that compared the Fund's management fee rate to the management fee rate of a peer group of funds on a gross basis and on a net basis after taking into consideration any fee waivers or expense reimbursements. The Board noted that the gross management fee rate for the Fund was in-line with the average and median gross management fee rates of its peer group. The Board also noted that the net management fee rate for the Fund was in-line with the average and median net management fee rates of its peer group. The Board also reviewed information prepared by Strategic Insight that showed that the Fund's 2011 total net expense ratio was lower than the average and in-line with the median ratios of its peer group. Furthermore, the Board concluded that the contractual breakpoints utilized by the Fund adequately took into account potential economies of scale.

Costs of Services Provided and Profitability. The Board considered, among other things, the Adviser's estimates of its costs in providing advisory services to the Fund, and the Adviser's resulting profitability. The Board noted instances of reduced expenses for the twelve months ended August 31, 2012 in comparison to the Adviser's expenses for the twelve months ended September 30, 2011, and the twelve months ended September 30, 2010 and the reasons for the reductions. Based on its review of the estimated cost and profit information provided by the Adviser, and in light of the nature, extent and quality of services provided to the Fund, the Board did not deem the Adviser's profitability to be excessive.

Information about Services to Other Clients. The Board considered information about the nature and extent of services and fee rates offered by the Adviser to other clients, including other registered investment companies and institutional funds or accounts. The Adviser advised the Board that, due to the unique strategy of the Fund, the Adviser did not manage any other closed-end funds that were directly comparable. The Board considered that the Adviser was subject to a broader and more extensive regulatory regime in connection with management of the Fund compared to the Adviser's management of institutional funds or accounts. The Board did not deem the fee rate under the Advisory Agreement to be excessive relative to these other fee rates, given its understanding of similarities and differences in the nature and extent of services offered and other factors.

Fall-Out Benefits and Other Factors. The Board also considered information regarding potential "fall-out" or ancillary benefits that could be realized by the Adviser or its affiliates as a result of its relationship with the Fund. In this regard, the Board was advised that the Adviser and its affiliates may derive reputational benefits from their association with the Fund. The Board also noted, however, that such benefits were difficult to quantify with certainty.

Supplemental Information (unaudited) (concluded)

Additionally, the Board considered that the Adviser has the authority to receive research and brokerage services from a broker that may be useful to various clients in exchange for conducting portfolio brokerage transactions through such broker. The Board noted that the Adviser also may enter into commission sharing arrangements with certain brokers for the receipt of goods or services that relate to the execution of trades or the provision of research. The Board considered the Adviser's representations that it evaluates any soft-dollar or commission sharing arrangements for compliance with applicable US or UK regulations, particularly with respect to the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, and for compliance with its duty to seek best execution.

* * * * *

After an evaluation of the above-described factors and based on its deliberations and analysis of the information provided and alternatives considered, the Board, including all of the Independent Directors, unanimously approved the Advisory Agreement and the compensation payable thereunder.

Management of the Fund (unaudited)

The names of the Directors and Officers of the Fund, their addresses, year of birth, and principal occupations during the past five years are provided in the tables below. Directors that are deemed “interested persons” (as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended) of the Fund or the Fund’s investment adviser are included in the table below under the heading “Interested Directors.” Directors who are not interested persons, as described above, are referred to in the table below under the heading “Independent Directors.”

Board of Directors Information

Name, Address and Age	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Funds in Fund Complex* Overseen by Director	Other Directorships Held by Director
Independent Directors					
Enrique R. Arzac c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32 nd Floor, Philadelphia, PA 19103 Year of Birth: 1941	Chairman of the Board of Directors, Nominating Committee Chairman and Audit and Valuation Committee Member	Since 1996; Chairman since 2005; current term ends at the 2015 annual meeting	Dr. Arzac is a Professor of Finance and Economics at the Columbia University Graduate School of Business. He is a director of The Adams Express Company, Petroleum & Resources Corporation, Credit Suisse closed-end funds, Credit Suisse U.S. Institutional funds, Aberdeen Asset Management U.S. registered closed-end emerging markets funds (Chair), Epoch Holding Corp. and Mirae Discovering Funds. Dr. Arzac has served as a financial consultant to the United Nations Conference on Trade and Development, the State of New Jersey and several U.S. and foreign corporations and financial institutions. He holds a CPN from the University of Buenos Aires and an M.B.A., M.A., and Ph.D. from Columbia University.	5	Director of Epoch Holding Corporation; Director of The Adams Express Company; Director of Petroleum and Resources Corporation; Director of Mirae Asset Management (5); Director of Credit Suisse Funds (3); Director of Credit Suisse Asset Management Income Fund Inc. and Credit Suisse High Bond Yield Fund
James Cattano 1366 Wood Duck Trail Naples, FL 34108 Year of Birth: 1943	Director, Audit and Valuation Committee Chairman and Nominating and Cost Review Committee Member	Since 1989; current term ends at the 2014 annual Meeting	Mr. Cattano is the President of Costal Trade Corporation (international commodity trade) October 2011. Previously, he was the President of Primary Resources Inc. (agricultural and raw materials) from 1996 to 2011.	5	Director of Credit Suisse Asset Management Income Fund, Inc. since 2006 and Director of Credit Suisse High Yield Bond Fund since 2006
Lawrence J. Fox c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32 nd Floor, Philadelphia, PA 19103 Year of Birth: 1943	Director, Nominating Committee Member	Since 2006; current term ends at the 2013 annual Meeting	Mr. Fox has been a Partner at Drinker Biddle & Reath LLP (law firm) since 1972. He has also been a Lecturer at Yale Law School (education) since 2009.	4	Director of Credit Suisse Asset Management Income Fund, Inc. since 1990; Director of Credit Suisse High Yield Bond Fund since 2001; and Director of Dynasil Corp of America since 2011
Steven Rappaport c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32 nd Floor, Philadelphia, PA 19103 Year of Birth: 1948	Director, Audit and Valuation, Nominating, and Cost Review Committee Member	Since 2003; current term ends at the 2014 annual meeting	Mr. Rappaport has been a Partner of Lehigh Court, LLC (private investment firm) and RZ Capital LLC (private investment firm) since 2004.	5	Director of iCAD, Inc., since 2006; Director of Presstek, Inc., since 2003; Director of Credit Suisse Funds (4); Director of Credit Suisse Asset Management Income Fund Inc. since 2005 and Credit Suisse High Yield Bond Fund since 2005

* Aberdeen Asia-Pacific Income Fund, Inc., Aberdeen Global Income Fund, Inc., Aberdeen Australia Equity Fund, Inc., Aberdeen Chile Fund, Inc., Aberdeen Israel Fund, Inc., Aberdeen Indonesia Fund, Inc., Aberdeen Latin America Equity Fund, Inc., Aberdeen Emerging Markets Telecommunications and Infrastructure Fund, Inc., The Singapore Fund, Inc., The Asia-Tigers Fund, Inc., The India Fund, Inc. The Greater China Fund, Inc. and Aberdeen Funds have a common investment manager and/or investment adviser, or an investment adviser that is affiliated with the Investment Adviser, and may thus be deemed to be part of the same “Fund Complex.”

Management of the Fund (unaudited) (continued)

Information Regarding Officers who are not Directors

Name, Address and Age	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years
Officers			
<p>Christian Pittard* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32nd Floor, Philadelphia, PA 19103</p> <p>Year of Birth: 1973</p>	President	Since July 2009	Currently, Group Head of Product Development for Aberdeen Asset Management PLC (parent company of the Investment Adviser). Previously Director and Vice President (from 2006 to 2008), Chief Executive Officer (from October 2005 to September 2006) and employee (since June 2005) of Aberdeen Asset Management Inc. ("AAMI"). He also currently serves as a Director of the Investment Adviser since 2010.
<p>Jeffrey Cotton* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32nd Floor, Philadelphia, PA 19103</p> <p>Year of Birth: 1977</p>	Chief Compliance Officer, Vice President – Compliance	Since March 2011	Currently, Vice President and Head of Compliance – U.S. for Aberdeen Asset Management Inc. Mr. Cotton joined Aberdeen in 2010. Prior to joining Aberdeen, Mr. Cotton was a Senior Compliance Officer at Old Mutual Asset Management (2009-2010) supporting its affiliated investment advisers and mutual fund platform. Mr. Cotton was also a VP, Senior Compliance Manager at Bank of America/Columbia Management (2006-2009).
<p>Andrea Melia* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32nd Floor, Philadelphia, PA 19103</p> <p>Year of Birth: 1969</p>	Treasurer	Since November 2009	Since November 2009, Ms. Melia currently serves as Vice President and Head of Fund Accounting for AAMI. Prior to joining Aberdeen, Ms. Melia was Director of Fund Administration and accounting oversight for Princeton Administrators LLC, a division of BlackRock Inc. and had worked with Princeton Administrators since 1992.
<p>Megan Kennedy* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32nd Floor, Philadelphia, PA 19103</p> <p>Year of Birth: 1974</p>	Secretary and Vice President	Since July 2009	Currently, Head of Product Management for AAMI (since 2009.) Ms. Kennedy joined AAMI in 2005 as a Senior Fund Administrator. Ms. Kennedy was promoted to Assistant Treasurer Collective Funds/North American Mutual Funds in February 2008 and promoted to Treasurer Collective Funds/North American Mutual Funds in July 2008.
<p>Alan Goodson* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32nd Floor, Philadelphia, PA 19103</p> <p>Year of Birth: 1974</p>	Vice President	Since July 2009	Currently, Head of Product US, overseeing both Product Management and Product Development for Aberdeen's registered and unregistered investment companies in the US and Canada. Mr. Goodson is Vice President of Aberdeen Asset Management Inc. and joined Aberdeen in 2000.
<p>Joanne Irvine* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32nd Floor, Philadelphia, PA 19103</p> <p>Year of Birth: 1968</p>	Vice President	Since July 2009	Currently, Head of Emerging Markets Ex. Asia on the global emerging markets equities team in London (since 1997). Ms. Irvine joined Aberdeen in 1996 in a group development role.
<p>Devan Kaloo* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32nd Floor, Philadelphia, PA 19103</p> <p>Year of Birth: 1972</p>	Vice President	Since July 2009	Currently, Head of Global Emerging Markets (since 2005). Mr. Kaloo joined Aberdeen in 2000 on the Asian portfolio team before becoming responsible for the Asian ex Japan region as well as regional portfolios within emerging market mandates and technology stocks.

Management of the Fund (unaudited) (concluded)

Name, Address and Age	Position(s) Held With the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years
Jennifer Nichols* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32 nd Floor, Philadelphia, PA 19103 Year of Birth: 1978	Vice President	Since July 2009	Currently, Global Head of Legal for Aberdeen (2012). Ms. Nichols serves as a Director and Vice President for AAMI since 2010. She previously served as Head of Legal – Americas from 2010-2012. She joined AAMI in October 2006.
Nick Robinson* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32 nd Floor, Philadelphia, PA 19103 Year of Birth: 1978	Vice President	Since June 2011	Currently, Director and Head of Brazilian Equities, of Aberdeen’s operations in São Paulo. Nick joined Aberdeen in 2000 and spent eight years on the North American Equities desk, including three years based in Aberdeen’s US offices. In 2008 he returned to London to join the global emerging markets equities team. Mr. Robinson relocated to São Paulo in 2009.
Lucia Sitar* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32 nd Floor, Philadelphia, PA 19103 Year of Birth: 1971	Vice President	Since July 2009	Currently, U.S. Counsel for AAMI. Ms. Sitar joined AAMI in July 2007.
Hugh Young** c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32 nd Floor, Philadelphia, PA 19103 Year of Birth: 1958	Vice President	Since July 2009	Mr. Young is currently a member of the Executive Management Committee of Aberdeen Asset Management PLC. He has been Managing Director of Aberdeen Asset Management Asia Limited (“AAMAL”), since 1991. Mr. Young also served as a Director of Aberdeen Asset Managers (C.I.) Limited from 2000 to June 2005 and a Director of AAMAL since 2000.
Sharon Ferrari* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32 nd Floor, Philadelphia, PA 19103 Year of Birth: 1977	Assistant Treasurer	Since June 2011	Currently, Fund Accounting Manager for AAMI. She joined AAMI as a Senior Fund Administrator in 2008. Prior to joining AAMI, she was an Accounting Analyst at Delaware Investments.
Heather Hasson* c/o Aberdeen Asset Management Inc. Attn: US Legal 1735 Market Street, 32 nd Floor, Philadelphia, PA 19103 Year of Birth: 1982	Assistant Secretary	Since March 2012	Currently, Senior Product Manager for Aberdeen Asset Management Inc. Ms. Hasson joined AAMI as a Fund Administrator in November 2006.

* As of October 2012, Messrs. Pittard, Cotton, Goodson, Kaloo, and Robinson and Meses. Nichols, Irvine, Melia, Kennedy, Sitar, Ferrari and Hasson hold officer position(s) in one or more of the following: Aberdeen Asia-Pacific Income Fund, Inc., Aberdeen Global Income Fund, Inc., Aberdeen Australia Equity Fund, Inc., Aberdeen Chile Fund, Inc., Aberdeen Emerging Markets Telecommunications and Infrastructure Fund, Inc., Aberdeen Israel Fund, Inc., Aberdeen Indonesia Fund, Inc., Aberdeen Latin America Equity Fund, Inc., The Singapore Fund Inc., The India Fund Inc., The Asia-Tigers Fund Inc., The Greater China Fund, Inc. and the Aberdeen Funds each of which may also be deemed to be a part of the same “Fund Complex.”

** Mr. Young serves as an Interested Director on the Aberdeen Australia Equity Fund, Inc. and The India Fund, Inc. which has a common investment manager and/or Investment Adviser with the Fund, or an investment adviser that is affiliated with the investment manager and Investment Adviser with the Fund, and may thus be deemed to be part of the same “Fund Complex” as the Fund.

Corporate Information

Directors

Enrique R. Arzac, *Chairman*
James J. Cattano
Lawrence J. Fox
Steven N. Rappaport

Officers

Christian Pittard, *President*
Jeffrey Cotton, *Vice President and Chief Compliance Officer*
Andrea Melia, *Treasurer and Chief Financial Officer*
Megan Kennedy, *Vice President and Secretary*
Alan Goodson, *Vice President*
Joanne Irvine, *Vice President*
Devan Kaloo, *Vice President*
Jennifer Nichols, *Vice President*
Nick Robinson, *Vice President*
Lucia Sitar, *Vice President*
Hugh Young, *Vice President*
Sharon Ferrari, *Assistant Treasurer*
Heather Hasson, *Assistant Secretary*

Investment Adviser

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Aberdeen Asset Management Asia Limited

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may purchase, from time to time, shares of its common stock in the open market.

Shares of Aberdeen Indonesia Fund, Inc. are traded on the NYSE MKT Exchange under the symbol "IF". Information about the Fund's net asset value and market price is available at www.aberndeenif.com.

This report, including the financial information herein, is transmitted to the shareholders of Aberdeen Indonesia Fund, Inc. for their general information only. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person. Past performance is no guarantee of future returns.

