

ABERDEEN ASIA PACIFIC INCOME FUND INC

Form N-30D

January 02, 2003

(LOGO)
Aberdeen
Asia-Pacific Income
Fund, Inc.

(GRAPHIC)
Invests primarily in Australian
and Asian debt securities.

Annual Report
October 31, 2002

Letter to Shareholders

December 13, 2002

Dear Shareholder,

We present this Annual Report which covers the activities of Aberdeen Asia-Pacific Income Fund, Inc. (the "Fund") for the year ended October 31, 2002. Included in this report is a review of the Australian and selected Asian economies and investment markets, together with an overview of the Fund's investments prepared by Aberdeen Asset Managers (C.I.) Limited (the "Investment Manager").

Net Asset Value Performance: 8.2% Per Annum Return Since Inception
The Fund's net asset value ("NAV") return was 19.7% for the twelve months ended October 31, 2002 and 8.2% per annum since inception, assuming reinvestment of distributions.

Share Price Performance

The Fund's share price rose 5.7% over the year, from \$4.02 on October 31, 2001 to \$4.25 on October 31, 2002. The Fund's share price on October 31, 2002 represented a discount of 16.0% to the NAV per share of \$5.06. This represents a widening of the discount to NAV of 13.5% on October 31, 2001.

Asia: 42.8% of Total Assets invested in Asian Debt Securities

As of October 31, 2002, the Fund held 42.8% of its total assets in Asian debt securities. Of the Fund's total assets, 26.4% were held in Asian Yankee bonds, bringing the Fund's total U.S. dollar exposure to 29.1%.

Credit Quality: 71.1% of Total Assets Rated or Deemed Equivalent to A or Better

The Fund's total investments have maintained a high credit quality. As of October 31, 2002, 71.1% of the portfolio was invested in securities where either the issue or the issuer was rated A or better, or judged by the Investment Manager to be of equivalent quality.

Distributions

Distributions to common shareholders for the 12 months ended October 31, 2002

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totalled 45 cents per share. Based on the share price of \$4.25 on October 31, 2002, the cash distribution rate over the 12 months then ended was 10.6%. Since all distributions are paid after deducting applicable withholding taxes, the effective distribution rate may be higher for those U.S. investors who are able to claim a tax credit. On December 11, 2002 the Board of Directors declared a monthly distribution of 3.5 cents per share payable on January 10, 2003 to all shareholders of record as of December 31, 2002. The Board's policy is to provide investors with a stable monthly distribution out of current income, supplemented by realized capital gains and, to the extent necessary, paid-in capital. It is the Board's intention

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that the monthly distribution of 3.5 cents per share be maintained for 12 months, having begun with the February 2002 distribution payment. This policy is subject to regular review at the Board's quarterly meetings, unless market conditions require an earlier evaluation. The next review is scheduled to take place in March 2003.

Buy-Back program

On March 19, 2001 the Fund announced the approval of a share buy-back program. Purchases of shares under this program commenced on June 6, 2001 and, as of the date of this report, 2,723,300 shares have been repurchased and cancelled.

Proposed Rights Offering to Common Shareholders

On October 8, 2002, the Fund filed a registration statement with the Securities and Exchange Commission in connection with a proposed transferable right offering to common shareholders. The purpose of the offering is to enable the Fund to increase its investments in Asian debt securities and to increase the Fund's net investment income. On November 19, 2002, the Fund issued a press release indicating that the Rights Offering Committee of the Board of Directors had made a determination that market conditions were not then favorable for the commencement of the offering, and that the commencement of the offering should be delayed until such time as market conditions may provide the Fund with an opportunity to enhance returns to shareholders. The Board of Directors will continue to review market conditions and all possible actions, which may include a rights offering, to enhance shareholder returns consistent with the Fund's primary investment objective.

For information about the Fund, including weekly updates of share price, NAV and details of distributions, please contact Aberdeen Asset Management Investor Relations, by:

- calling toll free on 1-800-522-5465 in the United States,
- emailing InvestorRelations@aberdeen-asset.com, or
- visiting the website at www.aberdeen-asset.us.

For information about the Aberdeen Group, visit the Aberdeen Website at www.aberdeen-asset.com.

Sincerely,

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Martin Gilbert
Chairman

All amounts are U.S. dollars unless otherwise stated.

Aberdeen Asia-Pacific Income Fund, Inc. 3

Your Board's policy is to provide investors with a stable monthly distribution out of current income, supplemented by realized capital gains and, to the extent necessary, paid-in capital.

The Fund is subject to U.S. corporate, tax and securities laws. Under U.S. tax accounting rules, the amount of distributable income for each fiscal period depends on the actual exchange rates during the entire year between the U.S. dollar and the currencies in which Fund assets are denominated and on the aggregate gains and losses realized by the Fund during the entire year.

Therefore, the exact amount of distributable income for each fiscal year can only be determined as of the end of the Fund's fiscal year, October 31. However, under the U.S. Investment Company Act of 1940, the Fund is required to indicate the source of each distribution to shareholders. This estimated distribution composition may vary from month to month because it may be materially impacted by future realized gains and losses on securities and fluctuations in the value of the currencies in which Fund assets are denominated.

The distributions for the fiscal year ended October 31, 2002 were composed of 40% net investment income and 60% return of paid-in capital.

The amount attributed as a return of capital reflects, in part, the realization of currency losses in the Fund's Australian bond portfolio as a result of positioning the Fund's investments more toward Asia. Fund assets are marked to market; therefore the realization of such currency losses does not impact the Fund's net asset value. However these losses do offset distributable income, therefore increasing the return of capital component of the distribution.

The Investment Manager anticipates further increases in the level of investment in Asian fixed income securities, which may result in the realization of additional currency losses. The Investment Manager believes that the Fund will benefit from the increased exposure to Asia. Likewise, the Investment Manager anticipates that the higher yields currently available in that region, as compared with yields currently available in Australia, may better position the Fund to reduce and potentially eliminate the return of capital component of the Fund's monthly distributions. There can be no assurance, however, that the Investment Manager's expectations will be met.

In January 2003, a Form 1099 DIV will be sent to shareholders, which will state the amount and composition of distributions and provide information with respect to their appropriate tax treatment.

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Dividend Reinvestment and Cash Purchase Plan

We invite you to participate in the Fund's Dividend Reinvestment and Cash Purchase Plan ("the Plan") which allows you to automatically re-invest your distributions in shares of the Fund's common stock at favorable commission rates. Distributions made under the Plan are taxed to the same extent as are cash distributions. The Plan also enables you to make additional cash investments in shares of at least \$100 per month. Under this arrangement, EquiServe Trust Company N.A. (the "Plan Agent") will purchase shares for you on the stock exchange or otherwise on the open market on or about the 15th of each month, unless shares of the Fund are trading at a premium, in which case the Fund will issue additional shares.

As a Participant in the Plan, you will have the convenience of:

Automatic reinvestment - the Plan Agent will automatically reinvest your distributions, allowing you to gradually grow your holdings in the Fund;

Lower costs - shares purchased on your behalf under the Plan will be at reduced brokerage rates. Brokerage on share purchases is currently 2 cents per share;

Convenience - the Plan Agent will hold your shares in non-certificated form and will provide a detailed record of your holdings at the end of each distribution period.

To request a brochure containing information on the Plan, together with an authorization form, please contact the Plan Agent, EquiServe Trust Company N.A., P.O. Box 43011, Providence, RI 02940-3011 or toll free on 1-800-451-6788.

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Report of the Investment Manager

Share Price Performance

On October 31, 2002 the Fund's share price was \$4.25, which represented a discount of 16.0% to the NAV of \$5.06. At the date of this report, the share price was \$4.40 representing a discount of 15.1% to the NAV of \$5.18.

NAV vs Share Price April 1986 through October 2002
(LINE GRAPH)

Distributions

The Board reduced the Fund's monthly distribution from 4.5 cents per share to 3.5 cents per share beginning with the distribution payable on February 8, 2002. The Investment Manager continues its efforts to reallocate the portfolio toward higher yielding Asian fixed income securities, and also anticipates further improvement in the value of non-U.S. dollar currencies. Together, these factors may enhance the Fund's net investment income and its ability to realize capital gains. However, there can be no assurance that the

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Investment Manager's expectations will be met.

Auction Market Preferred Stock (AMPS)

The Fund's \$600 million of AMPS continued to be well bid at the weekly auctions. The average dividend rate paid was 1.95% over the quarter ended October 31, 2002, compared with an interest rate of 1.73% for 30-day U.S.

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Report of the Investment Manager (continued)

commercial paper over the same period. These rates remained broadly unchanged over the period as the U.S. Federal Reserve has kept interest rates on hold. The rates paid to preferred shareholders have decreased since October 31, 2002 to a level of 1.50% as of the date of this report.

Over the past year, the impact of AMPS on the Fund has been positive, as the Australian dollar strengthened against the U.S. dollar. Most key Asian currencies followed a similar trend, with the Korean won, Thai baht, Singapore dollar and Indonesian rupiah all rising over the twelve months. In addition, the fact that U.S. interest rates have remained at historic lows has meant that the differential between AMPS funding rates and the yields at which the Fund invests remains positive. Overall, the outlook over the medium-term for investment markets and the portfolio in respect of these factors is considered by the Investment Manager to be favorable and AMPS are therefore seen as having the potential to enhance total shareholder returns in the medium term.

On September 16, 2002, the Fund entered into a 2 year interest rate swap agreement in order to hedge one third of the Fund's outstanding issues of AMPS. Under the original terms of the agreement, the Fund received a floating rate of interest (one month USD-LIBOR BBA rate) based on a notional amount of US\$200,000,000 and paid interest at a fixed rate of 2.46%. The fixed rate was re-priced to 2.10% on October 1, 2002.

Aberdeen Asia-Pacific Income Fund, Inc. 7

Report of the Investment Manager (continued)

PORTFOLIO COMPOSITION

Quality of Investments

As of October 31, 2002, 71.1% of the Fund's total assets were invested in securities where either the issue or the issuer was rated A or better by Standard & Poor's Corporation or Moody's Investors Service, Inc. or, if unrated, were judged to be of equivalent quality by the Investment Manager. The following table shows the ratings of securities held by the Fund as of October 31, 2002, compared with the previous quarter and twelve months:

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| Date | AAA/Aaa % | AA/Aa % | A % | BBB/Baa % | BB/Ba* % | B* % | CCC* % |
|------------------|--------------|------------|--------|--------------|-------------|---------|-----------|
| October 31, 2002 | 46.7 | 11.5 | 12.9 | 16.7 | 9.7 | 2.4 | 0.1 |
| July 31, 2002 | 46.5 | 13.7 | 11.2 | 16.6 | 9.1 | 2.8 | 0.1 |
| October 31, 2001 | 51.0 | 21.2 | 2.6 | 19.3 | 3.5 | 2.4 | 0.0 |

* Below investment grade

Geographic Composition

The table below shows the geographical composition (i.e. with Yankees allocated into country of issuance) of the Fund's total investments as of October 31, 2002, compared with the previous quarter and twelve months:

| Date | Asia | | United States % |
|------------------|----------------|---------------------|--------------------|
| | Australia % | (including NZ) % | |
| October 31, 2002 | 56.3 | 42.8 | 0.9 |
| July 31, 2002 | 56.4 | 43.2 | 0.4 |
| October 31, 2001 | 63.5 | 31.1 | 5.4 |

Geographic Composition as of October 31, 2002
(BAR GRAPH)

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Report of the Investment Manager (continued)

Currency Composition

The table below shows the currency composition of the Fund's total investments as of October 31, 2002, compared with the previous quarter and twelve months:

| Date | Australian Dollar % | Asian Currencies (including NZ dollar) % | US Dollar* % | Euro % |
|------------------|---------------------------|--|-----------------|-----------|
| | October 31, 2002 | 56.3 | 14.4 | 29.1 |
| July 31, 2002 | 56.4 | 14.9 | 28.5 | 0.2 |
| October 31, 2001 | 63.5 | 12.8 | 23.7 | 0.0 |

* Includes Asian Yankee Bonds: 26.4% on October 31, 2002, 28.1% on July 31, 2002, 18.3% on October 31, 2001.

Interest Rate Exposure

The table below shows the country composition of the Fund's total investments as of October 31, 2002 according to interest rate risk, compared with the previous quarter and twelve months:

| Date | Australia % | Asia (including NZ) % | United States % | Euro % |
|------|----------------|-----------------------------|--------------------|-----------|
| | | October 31, 2002 | | |

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| | | | | |
|------------------|------|------|------|-----|
| July 31, 2002 | 56.4 | 14.9 | 28.5 | 0.2 |
| October 31, 2001 | 63.5 | 12.8 | 23.7 | 0.0 |

Maturity Composition

On October 31, 2002 the duration of the portfolio was 4.5 years, compared with 3.6 years on October 31, 2001. The average maturity of the portfolio was 7.8 years, compared with 5.7 years on October 31, 2001. The following table shows the maturity composition of the Fund's portfolio as of October 31, 2002, compared with the previous quarter and twelve months:

| Date | Under 3 Years % | 3 to 5 Years % | 5 to 10 Years % | 10 Years & Over % |
|------------------|--------------------|-------------------|--------------------|----------------------|
| October 31, 2002 | 24.7 | 21.6 | 38.1 | 15.6 |
| July 31, 2002 | 27.1 | 14.4 | 46.0 | 12.5 |
| October 31, 2001 | 36.6 | 17.6 | 39.0 | 6.8 |

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Report of the Investment Manager (continued)

Sectoral Composition

The following shows the sectoral composition of the portfolio as of October 31, 2002:

| | Domestic Currency Bonds | | US Dollar and Euro Bonds | | |
|-------------------------|-------------------------|--|-----------------------------|---|------------|
| | Australia % | Asia (Including New Zealand) % | Yankees % | United States (Cash/ Bonds) % | Euros % |
| Government* | 18.7 | 7.9 | 9.1 | 0.0 | 0.0 |
| Semi Government** | 21.4 | 0.6 | 2.7 | 0.0 | 0.0 |
| Government Bank | 0.0 | 1.5 | 1.6 | 0.0 | 0.0 |
| Utility | 2.4 | 0.3 | 1.7 | 0.0 | 0.0 |
| Supranational | 3.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Bank/Finance Company*** | 6.8 | 3.6 | 2.9 | 2.7 | 0.2 |
| Corporate | 3.7 | 0.5 | 8.4 | 0.0 | 0.0 |

* Includes government guaranteed debt.** Includes state government guaranteed banks.

*** Includes cash held by the Fund's custodian and repurchase agreements.

Sectorial Composition as of October 31, 2002
(BAR GRAPH)

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Market Review and Outlook

AUSTRALIA

Economy

The Australian economy is currently in its eleventh year of expansion. Recent economic data indicated that the economy's annual growth rate was 3.8% in the second quarter of 2002. This result was underpinned by strong consumer demand, with retail sales 8% higher than the second quarter of 2001, and a strong housing sector, with building approvals recently pulling back from 8 year highs.

In the labor market, employment growth is currently running at an annual rate of 2% and the unemployment level has dropped to a 12-month low of 6.2%. Business conditions improved throughout 2002 to reach their highest levels since late 1999, reflecting better profitability and employment and trading conditions at 2-year highs. Business confidence has also strengthened in the face of weaker equity markets and threats of war.

Following two 0.25% tightenings earlier in 2002, the Reserve Bank of Australia (RBA) has opted to leave interest rates unchanged since June 2002, with their decisions likely to have been influenced by uncertainty about the strength of the global recovery, the threat of military action in Iraq and volatility in global equity markets. This has maintained Australian interest rates at historically low levels and an accommodative stance of monetary policy, although the RBA still retains a bias to raise interest rates further.

Fixed Income

The benchmark 10-year bond yield rose to 5.57% from 5.23% over the year ended October 31, 2002. Bank bill yields rose over the year, closing at 4.88%.

Currency

The Australian dollar surged through the first half of 2002 before losing ground in July, with investors heading for the relative safety of the Euro and the U.S. dollar, as the equity market fallout prompted renewed fears of a global recession. The Investment Manager's long-held view that the Australian dollar would appreciate towards 56 cents was achieved, and exceeded, in recent months as an ebbing of support for the U.S. dollar benefited peripheral currencies. The widening of the differential between Australian and U.S. interest rates continued throughout 2002, reaching levels not seen since the mid 1990s. The Investment Manager believes that this should remain a key source of support to the currency in the near term --

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Market Review and Outlook (continued)

particularly given the likelihood that an easing in U.S. interest rates will see the differential widen further - as will the relative strength of domestic fundamentals. The Investment Manager retains the view that a target of 60 cents is achievable over the next 12 months.

The Australian dollar closed the period at US \$0.55 on October 31, 2002.

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ASIA

Economies

During the last quarter consumer demand was strong throughout Asia despite a fragile global economy. This reflected the easier fiscal and monetary policy settings prevailing in these economies. Inflationary pressures were generally low, with economic growth in a recovery phase and excess capacity evident in a number of industries. The Investment Manager expects that most non-pegged currencies in the Asian region will strengthen against the U.S. dollar, providing a natural tightening bias for many economies and that the Asian central banks will allow this to occur to an extent. However, the Investment Manager also believes that substantial currency appreciation is likely to be resisted by direct intervention or, in some cases, interest rate cuts. Asian economies have seen a sharp improvement in their export performance since late 2001. The Investment Manager anticipates that exports will probably continue to be a significant contributor to Asian growth.

Domestic Bond and Currency Markets

Continued high levels of liquidity and ongoing concern over a weakening outlook for the global backdrop saw domestic bonds rally over the quarter. The Fund's total Asian currency exposure was increased during the year ended October 31, 2002 to 14.4%.

Asian Yankee (US\$ denominated) Bond Market

Asian Yankee bonds posted gains over the year, with yields falling sharply as a result of rallying US Treasuries.

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Summary of Key Market Rates

The following table summarizes the movements of key interest rates and currencies over the last six and twelve month periods:

| | October 31 2002 | July 31 2002 | October 31 2001 |
|--------------------|--------------------|-----------------|--------------------|
| Australia | | | |
| 90 day bank bills | 4.88% | 4.95% | 4.29% |
| 10 year bonds | 5.57% | 5.95% | 5.23% |
| Australian Dollar | \$ 0.55 | \$ 0.54 | \$ 0.50 |
| New Zealand | | | |
| 90 day bank bills | 5.91% | 5.94% | 4.96% |
| 10 year bonds | 6.32% | 6.53% | 6.18% |
| NZ Dollar | \$ 0.49 | \$ 0.47 | \$ 0.41 |
| South Korea | | | |
| 90 day T-bills | 4.78% | 4.74% | 4.37% |
| 10 year bonds | 5.99% | 6.46% | 6.85% |
| South Korean Won* | W 1218.50 | W 1188.09 | W 1290.00 |
| Thailand | | | |
| 90 day deposits | 1.75% | 2.00% | 2.50% |
| 10 year bonds | 3.79% | 5.00% | 5.55% |
| Thai Baht* | B 43.28 | B 42.02 | B 44.70 |

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| | | | | | |
|---------------------|-----|--------|-----|--------|----------|
| Philippines | | | | | |
| 90 day T-bills | | 5.80% | | 5.59% | 11.07% |
| 10 year bonds | | 12.65% | | 12.78% | 17.80% |
| Philippine Peso* | P | 53.13 | P | 51.28 | P 52.00 |
| Malaysia | | | | | |
| 90 day T-bills | | 2.71% | | 2.73% | 2.73% |
| 10 year bonds | | 3.79% | | 3.97% | 3.30% |
| Malaysia Ringgit* | R | 3.80 | R | 3.80 | R 3.80 |
| Singapore | | | | | |
| 90 day T-bills | | 0.95% | | 0.70% | 0.60% |
| 10 year bonds | | 3.04% | | 3.72% | 2.97% |
| Singapore Dollar* | S\$ | 1.77 | S\$ | 1.76 | S\$ 1.82 |
| US\$ Yankee Bonds** | | | | | |
| South Korea | | 4.10% | | 4.80% | 5.54% |
| Malaysia | | 4.97% | | 5.61% | 6.57% |
| Philippines | | 7.71% | | 8.08% | 10.19% |
| Hong Kong | | 4.46% | | 5.18% | 5.34% |

* These currencies are quoted Asian currency per U.S. dollar. The Australian and New Zealand dollars are quoted U.S. dollars per currency.

** Sovereign issues

Aberdeen Asset Managers (C.I.) Limited
December 2002

Aberdeen Asia-Pacific Income Fund, Inc. 13

Portfolio of Investments
October 31, 2002

Principal

Amount

Local

Currency**

(000)

Description

Value

(US\$)

LONG-TERM INVESTMENTS--122.7%

AUSTRALIA--71.5%

Government and Semi-Government--49.8%

Commonwealth of Australia--27.4%

A\$

| | | | | |
|--------|--------------------------------|---------|----|------------|
| | Australia Postal Corporation | | | |
| 22,000 | 6.00%, | 3/25/09 | \$ | 12,354,549 |
| | Commonwealth Bank of Australia | | | |
| 12,000 | 5.25%, | 12/1/04 | | 6,693,582 |
| 8,000 | 6.00%, | 9/1/05 | | 4,545,797 |
| 20,000 | 6.75%, | 12/1/07 | | 11,772,156 |
| 4,000 | 6.25%, | 2/10/09 | | 2,241,917 |
| 10,000 | 6.25%, | 9/1/09 | | 5,754,787 |
| | Commonwealth of Australia | | | |
| 40,000 | 9.00%, | 9/15/04 | | 23,827,375 |
| 45,450 | 7.50%, | 7/15/05 | | 26,865,817 |
| 10,000 | 10.00%, | 2/15/06 | | 6,383,795 |

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| | | | |
|--|---------|----------|--------------|
| 22,000 | 6.75%, | 11/15/06 | 12,949,250 |
| 40,500 | 10.00%, | 10/15/07 | 27,154,592 |
| 77,000 | 8.75%, | 8/15/08 | 50,026,798 |
| 88,000 | 7.50%, | 9/15/09 | 54,633,111 |
| 75,000 | 5.75%, | 6/15/11 | 42,301,354 |
| 133,000 | 6.50%, | 5/15/13 | 79,045,313 |
| | | | ----- |
| | | | 366,550,193 |
| | | | ----- |
| New South Wales--7.0% | | | |
| New South Wales Treasury Corporation | | | |
| 54,000 | 12.60%, | 5/1/06 | 36,960,908 |
| 20,000 | 8.00%, | 3/1/08 | 12,380,218 |
| 55,000 | 7.00%, | 12/1/10 | 33,107,587 |
| 20,000 | 6.00%, | 5/1/12 | 11,210,361 |
| | | | ----- |
| | | | 93,659,074 |
| | | | ----- |
| Queensland--4.3% | | | |
| Queensland Treasury Corporation | | | |
| 20,000 | 6.50%, | 6/14/05 | 11,498,308 |
| 15,200 | 6.00%, | 7/14/09 | 8,650,385 |
| 40,000 | 6.00%, | 6/14/11 | 22,640,290 |
| 10,000 | 6.00%, | 10/14/15 | 5,621,277 |
| 17,000 | 6.00%, | 6/14/21 | 9,525,505 |
| | | | ----- |
| | | | 57,935,765 |
| | | | ----- |
| South Australia--2.5% | | | |
| South Australian Financing Authority | | | |
| 55,000 | 7.50%, | 10/15/07 | 33,306,313 |
| | | | ----- |
| A\$ | | | |
| Tasmania--0.5% | | | |
| Tasmanian Public Finance Corporation | | | |
| 10,000 | 9.00%, | 11/15/04 | \$ 5,956,849 |
| | | | ----- |
| Victoria--4.2% | | | |
| Treasury Corporation of Victoria | | | |
| 10,000 | 6.00%, | 11/15/06 | 5,707,971 |
| 20,500 | 10.25%, | 11/15/06 | 13,440,579 |
| 25,000 | 7.50%, | 8/15/08 | 15,278,405 |
| 40,000 | 5.50%, | 9/15/10 | 22,013,780 |
| | | | ----- |
| | | | 56,440,735 |
| | | | ----- |
| Western Australia--3.9% | | | |
| Western Australia Treasury Corporation | | | |
| 26,000 | 8.00%, | 10/15/07 | 16,065,595 |
| 50,000 | 7.50%, | 10/15/09 | 30,758,284 |
| 10,000 | 7.00%, | 4/15/11 | 6,016,980 |
| | | | ----- |
| | | | 52,840,859 |
| | | | ----- |
| Total Australian government and semi-government (cost \$693,063,835) | | | |
| | | | 666,689,788 |
| | | | ----- |
| Eurobonds--16.2% | | | |
| Banking and Finance--8.8% | | | |
| ANZ Banking Corporation | | | |
| 10,000 | 6.75%, | 3/22/12 | 5,706,028 |

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| | | | | |
|--------|--|----------|--|------------|
| 11,278 | Bank Austria AG | | | |
| | 10.875%, | 11/17/04 | | 6,857,928 |
| 15,000 | BHP Finance Limited | | | |
| | 6.25%, | 8/15/08 | | 8,358,319 |
| 10,000 | Commonwealth Bank of Australia | | | |
| | 9.00%, | 8/15/05 | | 6,069,452 |
| 15,000 | Dexia Municipal Agency | | | |
| | 6.00%, | 10/15/07 | | 8,491,680 |
| 52,065 | Federal National Mortgage Association Global | | | |
| | 6.375%, | 8/15/07 | | 30,082,080 |
| 10,000 | GE Capital Australia Limited | | | |
| | 6.25%, | 4/15/05 | | 5,621,166 |
| 10,000 | | | | |
| | 6.75%, | 9/15/07 | | 5,691,764 |
| 10,000 | Jem Bonds Limited | | | |
| | 9.00%, | 7/15/06 | | 6,188,691 |
| 5,513 | KFW International Finance | | | |
| | 9.125%, | 7/26/05 | | 3,355,549 |

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Portfolio of Investments (continued)

October 31, 2002

Principal

Amount

Local

Currency**

(000)

Description

Value

(US\$)

A\$

| | | | | |
|--------|-------------------------------|---------|----|-------------|
| 10,000 | Landwirtschaft Rentenbank | | | |
| | 6.00%, | 9/15/09 | \$ | 5,647,196 |
| 8,000 | Northern Territory Authority | | | |
| | 6.50%, | 7/15/05 | | 4,543,643 |
| 5,000 | | | | |
| | 10.03%, | 8/9/05 | | 3,123,966 |
| 10,000 | | | | |
| | 5.75%, | 9/14/07 | | 5,609,871 |
| 16,650 | Principal Finance Global Fund | | | |
| | 7.00%, | 7/15/05 | | 9,477,230 |
| 5,000 | Puma | | | |
| | 7.47%, | 2/21/33 | | 2,794,209 |
| | | | | ----- |
| | | | | 117,618,772 |
| | | | | ----- |

Semi-Government and Local

Government--4.4%

| | | | | |
|--------|--------------------------------------|---------|--|------------|
| 7,000 | New South Wales Treasury Corporation | | | |
| | 10.50%, | 12/7/04 | | 4,277,584 |
| 7,000 | | | | |
| | 9.25%, | 6/20/06 | | 4,260,012 |
| 40,000 | | | | |
| | 8.00%, | 3/1/08 | | 24,727,822 |
| 20,000 | Queensland Treasury Corporation | | | |
| | 12.00%, | 6/15/05 | | 12,998,980 |
| 20,000 | | | | |
| | 8.00%, | 9/14/07 | | 12,358,483 |
| | | | | ----- |
| | | | | 58,622,881 |
| | | | | ----- |

Supranational Global--3.0%

| | | | | |
|-------|----------|----------|--|-----------|
| 2,000 | EFIC | | | |
| | 11.00%, | 12/29/04 | | 1,235,670 |
| 8,170 | Eurofima | | | |
| | 9.875%, | 1/17/07 | | 5,270,803 |

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| | | | |
|----------------------------|---|----------|--------------|
| 30,000 | 6.50%, | 8/22/11 | 17,302,365 |
| | European Investment Bank | | |
| 19,000 | 6.00%, | 7/15/05 | 10,776,832 |
| | Kingdom of Sweden | | |
| 8,287 | 7.875%, | 4/23/07 | 5,030,263 |
| | Quebec Province | | |
| 1,500 | 5.75%, | 2/15/06 | 839,529 |
| | | | ----- |
| | | | 40,455,462 |
| | | | ----- |
| | Total Australian eurobonds (cost \$232,208,872) | | 216,697,115 |
| | | | ----- |
| Corporate Bonds--5.5% | | | |
| Banking and Finance--0.8% | | | |
| | DSL Bank | | |
| 15,000 | 6.25%, | 11/15/06 | 8,574,495 |
| A\$ | | | |
| | St. George Bank Limited | | |
| 5,000 | 6.00%, | 9/25/12 | \$ 2,789,020 |
| | | | ----- |
| | | | 11,363,515 |
| | | | ----- |
| Floating Rate Notes*--0.0% | | | |
| | Crusade Trust | | |
| 745 | 4.6133%, | 7/10/29 | 413,393 |
| | | | ----- |
| Services--4.7% | | | |
| | Airservices Australia | | |
| 5,000 | 6.50%, | 11/15/06 | 2,871,885 |
| | British American Tobacco Corporation | | |
| 8,000 | 6.50%, | 11/15/06 | 4,485,366 |
| | GPT Management Limited | | |
| 10,000 | 6.50%, | 10/15/07 | 5,665,706 |
| | ING Office Finance | | |
| 4,500 | 6.25%, | 8/19/08 | 2,477,886 |
| | Melbourne Airport | | |
| 2,000 | 6.75%, | 6/15/08 | 1,142,266 |
| | Southern Cross Airports Company Limited | | |
| 15,500 | 6.02%, | 10/11/07 | 8,607,895 |
| | Telstra Corporation | | |
| 7,000 | 8.00%, | 9/15/04 | 4,068,873 |
| 30,000 | 12.00%, | 5/15/06 | 19,994,661 |
| 10,000 | 7.25%, | 11/15/12 | 5,750,319 |
| 2,000 | 8.75%, | 1/15/20 | 1,353,158 |
| | Wesfarmers Limited | | |
| 6,000 | 6.25%, | 8/27/07 | 3,361,477 |
| | Westpac Banking Corporation | | |
| 5,000 | 7.00%, | 8/2/10 | 2,865,530 |
| | | | ----- |
| | | | 62,645,022 |
| | | | ----- |
| | Total Australian corporate bonds (cost \$77,644,701) | | 74,421,930 |
| | | | ----- |
| | Total Australian long-term investments (cost \$1,002,917,408) | | 957,808,833 |
| | | | ----- |

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See Notes to Financial Statements. Aberdeen Asia-Pacific Income Fund, Inc. 15

Portfolio of Investments (continued)
October 31, 2002

| Principal Amount Local Currency** (000) | Description | Value (US\$) |
|---|---|-------------------|
| ----- | | |
| EUROPEAN COMMUNITY--0.3% | | |
| Corporate Bonds--0.3% | | |
| EUR | | |
| | Oversea - Chinese Banking Corporation | |
| 4,000 | 7.25%, 9/6/11 (cost \$3,624,971) | \$ 4,217,556 |
| ----- | | |
| HONG KONG--0.1% | | |
| Corporate Bonds--0.1% | | |
| HKD | | |
| | GH Water Supply Holdings Limited | |
| 16,384 | 8.00%, 12/22/10 (cost \$1,844,715) | 1,869,724 |
| ----- | | |
| JAPAN--0.9% | | |
| Government Bonds--0.9% | | |
| JPY | | |
| | Inchon Metropolitan City | |
| 500,000 | 3.70%, 4/26/06 | 4,391,618 |
| | PTT Exploration & Production | |
| 900,000 | 3.35%, 9/19/07 | 7,984,990 |
| ----- | | |
| | Total Japan long-term investments (cost \$12,209,216) | 12,376,608 |
| ----- | | |
| KOREA--4.4% | | |
| Government Bonds--4.4% | | |
| KRW | | |
| | Korea Deposit Insurance Fund Bond | |
| 19,000,000 | 8.72%, 3/12/04 | 16,767,626 |
| 2,000,000 | 15.00%, 7/3/04 | 1,967,564 |
| | Korea Treasury Bonds | |
| 19,170,000 | 7.15%, 4/11/06 | 16,604,566 |
| 10,000,000 | 5.64%, 10/17/06 | 8,258,778 |
| 16,674,000 | 6.91%, 7/18/11 | 14,628,703 |
| ----- | | |
| | Total Korea long-term investments (cost \$53,542,690) | 58,227,237 |
| ----- | | |
| MALAYSIA--1.4% | | |
| Government Bonds--0.9% | | |
| MYR | | |
| | Malaysia Government Bonds | |
| 17,300 | 5.00%, 4/15/05 | \$ 4,763,180 |
| 11,390 | 6.844%, 10/1/09 | 3,616,295 |
| 15,000 | 3.833%, 9/28/11 | 3,966,943 |
| ----- | | |

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| | | | | |
|------------------------|---|----------|--|------------|
| | Total Malaysia government bonds | | | |
| | (cost \$11,679,500) | | | 12,346,418 |
| | | | | ----- |
| Corporate Bonds--0.5% | | | | |
| | British American Tobacco Corporation | | | |
| 9,000 | 7.10%, | 11/2/04 | | 2,540,691 |
| | YTL Corporation Berhad | | | |
| 13,000 | 8.50%, | 6/29/04 | | 3,685,282 |
| | | | | ----- |
| | Total Malaysia corporate bonds | | | |
| | (cost \$6,028,852) | | | 6,225,973 |
| | | | | ----- |
| | Total Malaysia long-term investments | | | |
| | (cost \$17,708,352) | | | 18,572,391 |
| | | | | ----- |
| PHILIPPINES--0.8% | | | | |
| Government Bonds--0.8% | | | | |
| PHP | | | | |
| | Philippine Government Bonds | | | |
| 372,800 | 18.00%, | 11/26/08 | | 9,013,614 |
| 95,000 | 13.00%, | 4/25/12 | | 1,854,270 |
| | | | | ----- |
| | Total Philippines long-term investments | | | |
| | (cost \$11,266,031) | | | 10,867,884 |
| | | | | ----- |
| SINGAPORE--1.3% | | | | |
| Government Bonds--1.3% | | | | |
| SGD | | | | |
| | Singapore Government Bonds | | | |
| 6,000 | 4.00%, | 2/1/05 | | 3,601,986 |
| 20,872 | 4.625%, | 7/1/10 | | 13,304,500 |
| | | | | ----- |
| | Total Singapore long-term investments | | | |
| | (cost \$15,550,690) | | | 16,906,486 |
| | | | | ----- |

16 Aberdeen Asia-Pacific Income Fund, Inc. See Notes to Financial Statements.

Portfolio of Investments (continued)
October 31, 2002

| Principal Amount | | | | Value |
|------------------------|--------------------------------|---------|----|-----------|
| Local Currency** | Description | | | (US\$) |
| (000) | | | | |
| | | | | ----- |
| THAILAND--2.2% | | | | |
| Government Bonds--2.2% | | | | |
| THB | | | | |
| | Eastern Water Resources | | | |
| 115,000 | 9.00%, | 7/22/04 | \$ | 2,921,959 |
| | Export-Import Bank of Thailand | | | |
| 80,000 | 7.25%, | 5/6/04 | | 1,982,072 |
| | Thailand Government Bonds | | | |

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| | | | |
|---------|--------|----------|------------|
| 185,000 | 6.25% | 6/15/04 | 4,554,546 |
| 63,100 | 8.50% | 10/14/05 | 1,719,824 |
| 44,000 | 8.00% | 12/8/06 | 1,237,220 |
| 68,000 | 5.60% | 7/7/07 | 1,775,399 |
| 85,000 | 8.50% | 12/8/08 | 2,552,029 |
| 80,000 | 5.375% | 11/30/11 | 2,077,742 |
| 431,000 | 5.50% | 1/18/17 | 11,207,907 |

 Total Thailand
 long-term investments
 (cost \$28,775,999) 30,028,698

UNITED STATES--39.8%

Yankee Bonds--39.8%

USD

| | | | |
|--------|----------------------------------|----------|------------|
| | AES China Generating Co. Limited | | |
| 5,200 | 10.125% | 12/15/06 | 4,836,000 |
| | Bangkok Bank Public Company | | |
| 10,000 | 8.75% | 3/15/07 | 11,413,088 |
| 12,500 | 9.025% | 3/15/29 | 12,274,232 |
| | Bangkok Sentral Ng | | |
| 4,000 | 8.60% | 6/15/27 | 3,590,800 |
| | Cable & Wireless Optus Finance | | |
| 5,800 | 8.00% | 6/22/10 | 6,649,554 |
| | China Development Bank | | |
| 4,000 | 8.25% | 5/15/09 | 4,822,000 |
| | Cho Hung Bank | | |
| 5,500 | 6.95% | 1/7/05 | 6,395,070 |
| 1,500 | 11.875% | 4/1/10 | 1,748,670 |
| | CITIC Ka Wah Bank | | |
| 14,200 | 7.625% | 7/5/11 | 14,941,240 |
| 3,350 | 9.125% | 5/30/12 | 3,529,225 |
| | CLP Power HK Finance | | |
| 2,500 | 6.25% | 5/8/12 | 2,714,227 |
| | CNOOC Finance Limited | | |
| 4,875 | 6.375% | 3/8/12 | 5,279,089 |
| | Dao Heng Bank Limited | | |
| 4,500 | 7.75% | 1/24/07 | 5,067,242 |

USD

| | | | |
|-------|---|----------|--------------|
| | Development Bank of Singapore | | |
| 7,000 | 7.657% | 3/15/11 | \$ 7,529,143 |
| 5,000 | 7.125% | 5/15/11 | 5,499,000 |
| | Flextronics International Limited | | |
| 2,500 | 9.875% | 7/1/10 | 2,600,000 |
| | GH Water Supply Holdings Limited | | |
| 1,900 | 7.00% | 6/22/08 | 1,900,000 |
| | Globe Telecom Incorporated | | |
| 9,000 | 13.00% | 8/1/09 | 10,459,338 |
| 4,750 | 9.75% | 4/15/12 | 4,999,375 |
| | Hanvit Bank | | |
| 4,000 | 11.75% | 3/1/10 | 4,606,000 |
| 3,500 | 12.75% | 3/1/10 | 4,120,938 |
| | Hutchison Whampoa International Limited | | |
| 6,000 | 7.00% | 2/16/11 | 6,211,510 |
| | Hysan Limited | | |
| 4,000 | 7.00% | 2/1/12 | 4,217,326 |
| | Hyundai Motor Co. Limited | | |
| 2,000 | 7.33% | 12/12/05 | 2,124,766 |
| | Industrial Finance Corporation | | |
| 1,000 | 7.375% | 1/14/07 | 1,113,600 |
| | Jardine Strategic Finance Limited | | |
| 3,500 | 6.375% | 11/8/11 | 3,447,284 |

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| | | |
|--------|---|------------|
| 4,000 | Kia Motors Corporation 9.375%, 7/11/06 | 4,568,880 |
| 2,700 | Kingdom of Thailand 7.07%, 9/30/13 | 2,778,278 |
| 3,000 | Korea Development Bank 5.25%, 11/16/06 | 3,177,000 |
| 9,000 | Korea Electric Power Corporation 7.75%, 4/1/13 | 10,617,390 |
| 10,000 | 7.00%, 2/1/27 | 10,917,400 |
| 16,500 | Kowloon Canton Ry Corporation 8.00%, 3/15/10 | 19,899,495 |
| 3,500 | Kumgang Korea Chemical Co. Limited 7.625%, 6/20/08 | 3,846,217 |
| 5,000 | LG Caltex Oil Corporation 7.50%, 7/15/07 | 5,667,000 |
| 3,000 | 7.75%, 7/25/11 | 3,454,602 |
| 3,990 | Malayan Banking Berhad 6.125%, 7/6/12 | 4,104,565 |

See Notes to Financial Statements. Aberdeen Asia-Pacific Income Fund, Inc. 17

Portfolio of Investments (continued)
October 31, 2002

| Principal Amount Local Currency** (000) | Description | Value (US\$) |
|---|--|-----------------|
| ----- | | |
| USD | | |
| 5,000 | Malaysia (Sovereign) 8.75%, 6/1/09 | \$ 6,012,000 |
| 22,000 | 7.50%, 7/15/11 | 24,856,700 |
| 5,600 | MEI Euro Finance Limited 10.00%, 3/19/07 | 5,502,000 |
| 2,700 | Merrill Lynch & Co., Incorporated 12.50%, 9/17/12 | 2,700,000 |
| 7,000 | National Power Corporation 8.40%, 12/15/16 | 6,429,500 |
| 13,000 | Oversea - Chinese Banking Corporation 7.75%, 9/6/11 | 14,782,328 |
| 10,400 | PCCW-HKTC Capital Limited 7.75%, 11/15/11 | 10,735,141 |
| 10,000 | People's Republic of China 9.00%, 1/15/96 | 10,635,800 |
| 15,000 | Petroliam Nasional Berhad 7.75%, 8/15/15 | 16,730,400 |
| 6,800 | Petronas Capital Limited 7.00%, 5/22/12 | 7,355,560 |
| 4,000 | 7.875%, 5/22/22 | 4,148,320 |
| 2,000 | Philippine Long Distance Telecom 10.625%, 5/15/07 | 1,899,400 |
| 1,000 | 11.375%, 5/15/12 | 922,203 |
| 1,000 | 8.35%, 3/6/17 | 687,000 |
| 4,000 | Pohang Iron & Steel Corporation 7.125%, 11/1/06 | 4,454,272 |
| 1,600 | PT Bank Mandiri Cayman 10.625%, 8/2/12 | 1,632,000 |
| | PTT Exploration & Production | |

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| | | | |
|--------|------------------------------------|----------|------------|
| 6,500 | 7.625%, | 10/1/06 | 7,349,475 |
| | Quezon Power (Philippines) Limited | | |
| 7,770 | 8.86%, | 6/15/17 | 6,073,832 |
| | Reliance Industries Limited | | |
| 7,250 | 10.25%, | 1/15/97 | 6,654,811 |
| | Republic of Philippines | | |
| 3,000 | 7.50%, | 9/11/07 | 3,056,256 |
| 27,750 | 8.375%, | 3/12/09 | 27,992,812 |
| 11,250 | 9.875%, | 3/16/10 | 12,234,375 |
| 14,100 | 9.375%, | 1/18/17 | 14,523,000 |
| 2,000 | 6.50%, | 12/1/17 | 1,848,532 |
| 32,850 | 9.875%, | 1/15/19 | 32,028,750 |
| 3,500 | 9.50%, | 10/21/24 | 3,812,349 |
| 9,936 | 10.625%, | 3/16/25 | 10,134,720 |

USD

| | | | |
|--------|--|----------|---------------|
| | Republic of South Korea | | |
| 14,500 | 8.875%, | 4/15/08 | \$ 17,814,700 |
| | Singapore Telecom | | |
| 2,600 | 6.375%, | 12/1/11 | 2,753,400 |
| | SK Corporation | | |
| 3,900 | 7.50%, | 5/31/06 | 4,308,372 |
| | SM Investments Corporation | | |
| 4,400 | 8.00%, | 10/16/07 | 4,367,000 |
| | Telekom Malaysia | | |
| 3,000 | 7.875%, | 8/1/25 | 2,861,400 |
| | Telekomunikasi Selular Finance Limited | | |
| 4,000 | 9.75%, | 4/30/07 | 4,159,244 |
| | Tenaga Nasional Berhad | | |
| 7,750 | 7.625%, | 4/1/11 | 8,260,641 |
| 5,000 | 7.50%, | 11/1/25 | 4,531,500 |
| 14,000 | 7.50%, | 1/15/96 | 11,839,800 |
| | Thai Farmers Bank PLC | | |
| 2,400 | 8.25%, | 8/21/16 | 2,374,509 |
| | Total Access Communication Public | | |
| 7,150 | 8.375%, | 11/4/06 | 7,185,750 |
| | Woori Bank | | |
| 3,500 | 3.625%, | 10/10/05 | 3,475,073 |
| 3,500 | 4.50%, | 10/10/07 | 3,476,897 |

Total United States
long-term investments
(cost \$491,676,223) 533,719,366

Total long-term
investments
(cost \$1,639,116,295) 1,644,594,783

SHORT-TERM INVESTMENTS--18.8%

AUSTRALIA--8.3%

Government and Semi-Government--4.7%

Commonwealth of Australia--2.3%

A\$

| | | | |
|--------|--------------------------------|---------|------------|
| | Commonwealth Bank of Australia | | |
| 5,000 | 6.00%, | 8/1/03 | 2,799,524 |
| 2,800 | 7.625%, | 8/5/03 | 1,584,008 |
| | Commonwealth of Australia | | |
| 45,000 | 9.50%, | 8/15/03 | 25,887,676 |
| | | | 30,271,208 |

South Australia--0.8%

South Australian Financing Authority

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| | | | |
|------------------------|--|----|------------|
| | Total Korea short-term investments | | 54,716,495 |
| | (cost \$53,516,495) | | |
| ----- | | | |
| MALAYSIA--0.1% | | | |
| Government Bonds--0.1% | | | |
| MYR | | | |
| | Malaysia Government Bonds | | |
| 2,000 | 4.427%, 3/31/03 | | |
| | (cost \$526,009) | \$ | 529,666 |
| ----- | | | |
| NEW ZEALAND--0.0% | | | |
| Demand Deposits--0.0% | | | |
| NZD | | | |
| | New Zealand Call Deposit | | |
| 515 | 4.50%, 11/1/02 | | |
| | (cost \$221,254) | | 250,498 |
| ----- | | | |
| SINGAPORE--0.1% | | | |
| Government Bonds--0.1% | | | |
| SGD | | | |
| | Singapore Government Bonds | | |
| 1,200 | 3.00%, 11/1/02 | | |
| | (cost \$691,195) | | 679,673 |
| ----- | | | |
| Corporate Bonds--0.0% | | | |
| | General Motors Acceptance Corporation | | |
| 1,000 | 3.95%, 4/25/03 | | |
| | (cost \$580,821) | | 564,770 |
| ----- | | | |
| | Total Singapore short-term investments | | |
| | (cost \$1,272,016) | | 1,244,443 |
| ----- | | | |
| THAILAND--0.2% | | | |
| Government Bonds--0.0% | | | |
| THB | | | |
| | Thailand Government Bonds | | |
| 34,400 | 8.25%, 10/14/03 | | |
| | (cost \$854,941) | | 841,196 |
| ----- | | | |
| Corporate Bonds--0.2% | | | |
| | Advance Information Services PLC | | |
| 96,000 | 6.25%, 3/31/03 | | |
| | (cost \$2,532,844) | | 2,251,849 |
| ----- | | | |
| | Total Thailand short-term investments | | |
| | (cost \$3,387,785) | | 3,093,045 |
| ----- | | | |

See Notes to Financial Statements. Aberdeen Asia-Pacific Income Fund, Inc. 19

Portfolio of Investments (continued)
October 31, 2002

Principal
Amount
Local

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| Currency** (000) | Description | Value (US\$) |
|----------------------------|---|------------------|
| ----- | | |
| UNITED STATES--6.0% | | |
| Yankee Bonds--1.9% | | |
| USD | | |
| | Hongkong & Shanghai Banking Corporation | |
| 4,000 | Zero Coupon, 12/23/02 | \$ 3,974,436 |
| 16,000 | Zero Coupon, 3/26/03 | 15,718,740 |
| | Republic of South Korea | |
| 5,500 | 8.75%, 4/15/03 | 5,684,250 |
| | | ----- |
| | Total United States yankee bonds (cost \$25,211,947) | 25,377,426 |
| | | ----- |
| Repurchase Agreement--4.1% | | |
| 55,349 | State Street Bank & Trust Company 1.72% due 11/1/02 in the amount of \$55,351,644 (cost \$55,349,000; collateralized by United States Treasury Bonds 8.125% due 5/15/21; value including accrued interest - \$52,030,860, Zero Coupon due 1/30/03; value including accrued interest - \$4,432,200, total value including accrued interest - \$56,463,060) | \$ 55,349,000 |
| | | ----- |
| | Total United States short-term investments (cost \$80,560,947) | 80,726,426 |
| | | ----- |
| | Total short-term investments (cost \$264,311,926) | 251,803,512 |
| | | ----- |
| ----- | | |
| | Total Investments--141.5% (cost \$1,903,428,221) | 1,896,398,295 |
| | Other assets in excess of liabilities--3.3% | 43,472,866 |
| | Liquidation value of preferred stock--(44.8%) | (600,000,000) |
| | | ----- |
| | Net Assets Applicable to Common Shareholders--100% | \$ 1,339,871,161 |
| | | ----- |
| | Net asset value per common share (\$1,339,871,161 / 264,654,000 shares of common stock issued and outstanding) | \$5.06 |
| | | ----- |

* The interest rate reflected for floating rate notes is the rate in effect at October 31, 2002.

** Portfolio securities are listed in currency in which they are traded.

A\$--Australian dollar

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EUR--Euro
 HKD--Hong Kong dollar
 JPY--Japanese yen
 KRW--South Korean won
 MYR--Malaysian ringgit
 NZD--New Zealand dollar
 PHP--Philippine peso
 SGD--Singapore dollar
 THB--Thailand baht
 USD--United States dollar

(a) Value of security is linked to the value of Government of Korea 7.70%,
8/16/03 and the movement of the South Korean won.

20 Aberdeen Asia-Pacific Income Fund, Inc. See Notes to Financial Statements.

Statement of Assets and Liabilities October 31, 2002

Assets

| | |
|---|-----------------|
| Investments, at value (cost \$1,903,428,221)..... | \$1,896,398,295 |
| Foreign currency, at value (cost \$12,458,194)..... | 13,199,385 |
| Cash..... | 551,262 |
| Interest receivable..... | 33,223,153 |
| Receivable for investments sold..... | 8,477,038 |
| Unrealized appreciation on interest rate and currency swaps..... | 1,299,218 |
| Other assets..... | 537,130 |
| Unrealized appreciation on forward currency contracts..... | 438,221 |
| Due from broker-variation margin..... | 269,195 |
| Prepaid rights offering costs..... | 100,000 |
| | ----- |
| Total assets..... | 1,954,492,897 |
| | ----- |

Liabilities

| | |
|--|------------|
| Dividends payable-common stock..... | 9,262,890 |
| Withholding taxes payable..... | 1,540,254 |
| Accrued expenses and other liabilities..... | 1,249,310 |
| Investment management fee payable..... | 816,850 |
| Dividends payable-preferred stock..... | 705,508 |
| Unrealized depreciation on interest rate swaps..... | 576,061 |
| Unrealized depreciation on forward currency contracts..... | 211,951 |
| Administration fee payable..... | 158,912 |
| Payable for rights offering..... | 100,000 |
| | ----- |
| Total liabilities..... | 14,621,736 |
| | ----- |

| | |
|---|-----------------|
| Preferred stock (\$.01 par value per share and \$25,000 liquidation value per share applicable to 24,000 shares; Note 5)..... | 600,000,000 |
| | ----- |
| Net Assets Applicable to Common Shareholders..... | \$1,339,871,161 |
| | ----- |

Net assets were composed of:

Common stock:

| | |
|---|---------------|
| Par value (\$.01 per share, applicable to 264,654,000 shares)..... | \$ 2,646,540 |
| Paid-in capital in excess of par..... | 1,813,855,084 |
| | ----- |

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| | |
|--|-----------------|
| | 1,816,501,624 |
| Accumulated net investment loss..... | (11,508,652) |
| Accumulated net realized loss on investments..... | (23,475,790) |
| Net unrealized appreciation on investments..... | 26,976,617 |
| Accumulated net realized and unrealized foreign exchange losses..... | (468,622,638) |
| | ----- |
| Net Assets Applicable to Common Shareholders..... | \$1,339,871,161 |
| | ----- |
| | ----- |
| Net asset value per common share: (\$1,339,871,161 / 264,654,000 shares of common stock issued and outstanding)..... | \$5.06 |
| | ----- |
| | ----- |

See Notes to Financial Statements. Aberdeen Asia-Pacific Income Fund, Inc. 21

Statement of Operations
Year Ended October 31, 2002

Net Investment Income
Income

| | |
|---|---------------|
| Interest (net of foreign withholding taxes of \$6,258,722)..... | \$123,996,947 |
|---|---------------|

Expenses

| | |
|--|------------|
| Investment management fee..... | 10,135,504 |
| Administration fee..... | 2,291,078 |
| Custodian's fees and expenses..... | 2,100,000 |
| Auction agent's fees and broker commissions..... | 1,600,000 |
| Reports to shareholders..... | 750,000 |
| Legal fees and expenses..... | 620,000 |
| Directors' fees and expenses..... | 615,000 |
| Transfer agent's fees and expenses..... | 450,000 |
| Insurance expense..... | 310,000 |
| Investor relations fees and expenses..... | 185,000 |
| Independent accountant's fees and expenses..... | 165,000 |
| Miscellaneous..... | 103,052 |

| | |
|-------------------------------|------------|
| Total operating expenses..... | 19,324,634 |
|-------------------------------|------------|

| | |
|----------------------------|-------------|
| Net investment income..... | 104,672,313 |
|----------------------------|-------------|

Realized and Unrealized Gains (Losses) on Investments and Foreign Currencies

Net realized gain (loss) on:

| | |
|---------------------------------------|-------------|
| Investment transactions..... | 8,978,062 |
| Interest rate and currency swaps..... | (1,412,000) |
| Financial futures transactions..... | (27,040) |

| | |
|--|-----------|
| | ----- |
| | 7,539,022 |
| | ----- |

Net change in unrealized appreciation (depreciation) on:

| | |
|---------------------------------------|-----------|
| Investments..... | 9,848,888 |
| Interest rate and currency swaps..... | (187,153) |
| Financial futures contracts..... | (44,451) |

| | |
|--|-----------|
| | ----- |
| | 9,617,284 |

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| | |
|---|---------------|
| Net gain on investments..... | 17,156,306 |
| Net increase in net assets from operations before net foreign exchange gains..... | 121,828,619 |
| Net realized and unrealized foreign exchange gains... | 113,718,938 |
| Net increase in Net Assets from operations..... | 235,547,557 |
| Dividends from net investment income to preferred shareholders..... | (12,375,836) |
| Net Increase In Net Assets Applicable to Common Shareholders Resulting From Operations..... | \$223,171,721 |

22 Aberdeen Asia-Pacific Income Fund, Inc. See Notes to Financial Statements.

Statement of Cash Flows
Year Ended October 31, 2002

Increase (Decrease) in Cash (Including Foreign Currency)

| | |
|--|----------------|
| Cash flows provided from (used in) operating activities | |
| Interest received (excluding premium/discount amortization of \$14,391,745)..... | \$ 136,776,801 |
| Expenses paid..... | (19,333,888) |
| Proceeds from sales/maturities of short-term portfolio investments, net..... | 154,592,148 |
| Purchases of long-term portfolio investments..... | (708,203,778) |
| Proceeds from sales of long-term portfolio investments..... | 591,663,998 |
| Dividends and distributions paid to preferred shareholders..... | (12,528,645) |
| Loss on swaps and futures..... | (1,540,839) |
| Other..... | (115,239) |
| Net cash provided from operating activities..... | 141,310,558 |
| Cash flows used for financing activities | |
| Dividends and distributions paid to common shareholders..... | (119,389,266) |
| Cost of Fund shares reacquired in repurchase program..... | (8,494,873) |
| Net cash used for financing activities..... | (127,884,139) |
| Effect of changes in exchange rate..... | (9,882,010) |
| Net increase in cash..... | 3,544,409 |
| Cash at beginning of year..... | 10,206,238 |
| Cash at end of year..... | \$ 13,750,647 |

Reconciliation of Cash Provided From Operating Activities
Net increase in total net assets resulting from

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| | |
|---|----------------|
| operations..... | \$ 223,171,721 |
| | ----- |
| Increase in investments..... | 48,178,785 |
| Net realized gain on investment transactions..... | (7,539,022) |
| Increase in unrealized appreciation on forward currency contracts..... | (3,506) |
| Net change in unrealized appreciation on investments..... | (9,617,284) |
| Net realized and unrealized foreign exchange gains..... | (113,718,938) |
| Increase in interest receivable..... | (1,076,124) |
| Dividends paid to preferred shareholders..... | 12,528,645 |
| Increase in deferred offering costs payable..... | 100,000 |
| Increase in deferred offering costs..... | (100,000) |
| Net increase in other assets..... | (115,239) |
| Decrease in payable for investments purchased..... | (1,780,465) |
| Increase in receivable for investments sold..... | (8,477,038) |
| Decrease in accrued expenses and other liabilities..... | 28,218 |
| Increase in variation margin..... | (269,195) |
| | ----- |
| Total adjustments..... | (81,861,163) |
| | ----- |
| Net cash provided from operating activities..... | \$ 141,310,558 |
| | ----- |

See Notes to Financial Statements. Aberdeen Asia-Pacific Income Fund, Inc. 23

Statement of Changes in Net Assets

| | Year Ended October 31, | |
|---|------------------------|----------------|
| | 2002 | 2001 |
| | ----- | ----- |
| Increase (Decrease) in Net Assets Operations | | |
| Net investment income..... | \$ 104,672,313 | \$ 139,812,296 |
| Net realized gain on investment transactions..... | 7,539,022 | 3,740,038 |
| Net change in unrealized appreciation on investments..... | 9,617,284 | 68,418,255 |
| | ----- | ----- |
| Net increase in net assets resulting from operations before net foreign exchange gains (losses)..... | 121,828,619 | 211,970,589 |
| Net realized and unrealized foreign exchange gains (losses)..... | 113,718,938 | (73,152,895) |
| | ----- | ----- |
| Net increase in net assets from operations..... | 235,547,557 | 138,817,694 |
| | ----- | ----- |
| Dividends from net investment income to preferred shareholders..... | (12,375,836) | (29,663,738) |
| | ----- | ----- |
| Net increase in Net Assets | | |

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| | | |
|---|-----------------|-----------------|
| applicable to common shareholders resulting from operations..... | 223,171,721 | 109,153,956 |
| Dividends from net investment income to Common shareholders.. | (41,276,180) | (58,797,328) |
| Tax return of capital distribution..... | (75,370,804) | (85,450,731) |
| Total dividends and distributions to common shareholders | (116,646,984) | (144,248,059) |
| Cost of Fund shares reacquired in repurchase program (2,127,600 and 595,700 shares, respectively)..... | (8,494,873) | (2,412,750) |
| Total increase (decrease) in net assets applicable to common shareholders..... | 98,029,864 | (37,506,853) |
| Net Assets Applicable to Common Shareholders | | |
| Beginning of year(a)..... | 1,241,841,297 | 1,279,348,150 |
| End of year..... | \$1,339,871,161 | \$1,241,841,297 |

(a) Amounts have been restated to conform to new requirements for presentation of preferred stock under generally accepted accounting principles.

24 Aberdeen Asia-Pacific Income Fund, Inc. See Notes to Financial Statements.

Notes to Financial Statements

Aberdeen Asia-Pacific Income Fund, Inc. (the 'Fund') was incorporated in Maryland on March 14, 1986 as a closed-end, non-diversified management investment company. The Fund's investment objective is to seek current income. The Fund may also achieve incidental capital appreciation. The Fund will seek to achieve its investment objective through investment in Australian and Asian debt securities. In order to comply with a rule adopted by the Securities and Exchange Commission under the Investment Company Act of 1940 regarding fund names, the Board of Directors has adopted an investment policy that, for as long as the name of the Fund remains Aberdeen Asia-Pacific Income Fund, Inc., it shall be the policy of the Fund normally to invest at least 80% of its net assets plus the amount of any borrowings for investment purposes, in Asian debt securities, Australian debt securities and New Zealand debt securities. This 80% investment policy is a non-fundamental policy of the Fund and may be changed by the Board of Directors upon 60 days prior written notice to shareholders. There can be no assurance that the Fund will achieve its objectives. The ability of issuers of debt securities held by the Fund to meet their obligations may be affected by economic developments in a specific industry, country or region.

Note 1. Accounting Policies

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

Basis of Presentation:

The financial statements of the Fund are prepared in accordance with accounting

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principles generally accepted in the United States of America, using the United States dollar as both the functional and reporting currency.

Security Valuation:

The Fund's Board of Directors has adopted Pricing and Valuation Procedures (the 'Procedures') to be used in determining the value of the assets held by the Fund. In accordance with the Procedures, investments are stated at value. Investments for which market quotations are readily available are valued at the last trade price on the date of determination as obtained from a pricing source. If no such trade price is available, such investments are valued at the quoted bid price or the mean between the quoted bid and asked price on the date of determination as obtained from a pricing source. Short-term securities which mature in more than 60 days are valued at current market quotations. Short-term securities which mature in 60 days or less are valued at amortized cost. Securities for which market quotations are not readily

Aberdeen Asia-Pacific Income Fund, Inc. 25

Notes to Financial Statements (continued)

available are valued at fair value in good faith using methods set forth in the Procedures.

Repurchase Agreements:

In connection with transactions in repurchase agreements with U.S. financial institutions, it is the Fund's policy that its custodian takes possession of the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction exceeds one business day, the collateral is valued on a daily basis to determine its adequacy. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

Foreign Currency Translation:

Australian dollar ('A\$'), New Zealand dollar ('NZD') and Asian currency amounts are translated into United States dollars on the following basis:

- (i) market value of investment securities, other assets and liabilities--at the exchange rates at the end of the reporting periods;
- (ii) purchases and sales of investment securities, income and expenses--at the rates of exchange prevailing on the respective dates of such transactions.

The Fund isolates that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes in the market prices of the securities held at October 31, 2002. Similarly, the Fund isolates the effect of changes in foreign exchange rates from the fluctuations arising from changes in the market prices of portfolio securities sold during the reporting periods.

Net realized and unrealized foreign exchange gains include realized foreign exchange gains and losses from sales and maturities of portfolio securities, sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the difference between the amounts of interest, discount and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent amounts actually received or paid and changes in unrealized foreign exchange gains and losses in the value of portfolio securities and other assets and liabilities arising as a result of changes in the exchange rate. Accumulated net realized and unrealized foreign

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exchange gains shown in the

26 Aberdeen Asia-Pacific Income Fund, Inc.

Notes to Financial Statements (continued)

composition of net assets at October 31, 2002 represent foreign exchange gains for book purposes that have not yet been recognized for tax purposes.

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.

The exchange rate at October 31, 2002 was US\$.55 to A\$1.00 for the Australian dollar.

Securities Transactions and Investment Income:

Securities transactions are recorded on the trade date. Realized and unrealized gains and losses from security and currency transactions are calculated on the identified cost basis. Interest income is recorded on an accrual basis. Discounts and premiums on securities purchased are accreted or amortized on an effective yield basis over the estimated lives of the respective securities. Expenses are recorded on the accrual basis. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Changes in Accounting Principles:

As required, effective November 1, 2001, the Fund adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began amortizing premiums on debt securities for financial statement reporting purposes. This change has no impact on the net asset value of the Fund. Prior to November 1, 2001, the Fund did not amortize premiums on debt securities. Upon initial adoption, the Fund was required to adjust the cost of its fixed-income securities by the cumulative amounts of amortization that would have been recognized had the amortization been in effect from the purchase date of each holding. Adopting this accounting principle does not affect the Fund's net asset value, but changes the classification of certain amounts between interest income and realized and unrealized gain (loss) in the Statement of Operations. The current adjustments for the year ended October 31, 2002 resulted in a decrease to net investment income of \$14,105,126, an increase of net realized capital gains of \$28,161,311 and a decrease of unrealized appreciation of \$14,056,185. The cumulative adjustment upon adoption through October 31, 2001 resulted in a decrease in accumulated net investment income of \$53,372,190 and a decrease to net unrealized depreciation on investments of \$53,372,190. Because the Fund determines its required distributions under Federal income tax laws, adoption of

Aberdeen Asia-Pacific Income Fund, Inc. 27

Notes to Financial Statements (continued)

this principle does not affect the amount or composition of distributions paid to shareholders.

Forward Currency Contracts:

A forward currency contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The Fund enters into

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forward currency contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign portfolio holdings or on specific receivables and payables denominated in a foreign currency. The contracts are valued daily at current forward exchange rates and any unrealized gain or loss is included in net unrealized appreciation or depreciation on investments. Gain or loss is realized on the settlement date of the contract equal to the difference between the settlement value of the original and renegotiated forward contracts. This gain or loss, if any, is included in net realized gain (loss) on foreign currency transactions. Risks may arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

Financial Futures Contracts:

A financial futures contract is an agreement to purchase (long) or sell (short) an agreed amount of securities or commodities at a set price for delivery on a future date. Upon entering into a financial futures contract, the Fund is required to pledge to the broker an amount of cash and/or other assets equal to a certain percentage of the contract amount. This amount is known as the 'initial margin.' Subsequent payments, known as 'variation margin,' are made or received by the Fund periodically, depending on the periodic fluctuations in the value of the underlying security or commodity. Such variation margin is recorded for financial statement purposes on a daily basis as unrealized gain or loss. When the contract expires or is closed, the gain or loss is realized and is presented in the statement of operations as net realized gain (loss) on financial futures contracts.

The Fund invests in financial futures contracts in order to hedge existing portfolio securities, or securities the Fund intends to purchase, against fluctuations in value. Under a variety of circumstances, the Fund may not achieve the anticipated benefits of the financial futures contracts and may realize a loss. The use of futures transactions involves the risk of imperfect correlation in movements in the price of futures contracts and the underlying assets.

Securities Lending:

The Fund's investment policies permit the Fund to lend to banks and

28 Aberdeen Asia-Pacific Income Fund, Inc.

Notes to Financial Statements (continued)

broker-dealers, portfolio securities with an aggregate market value of up to 15% of the Fund's total assets when it deems advisable. Pursuant to a securities lending agreement ('Agreement') between the Fund and State Street Bank and Trust Company ('State Street'), any loans made under the Agreement must be secured by collateral (consisting of any combination of cash, U.S. Government securities, irrevocable letters of credit or other high-quality debt securities) in an amount at least equal (on a daily marked-to-market basis) to the current market value of the securities loaned. An amendment to the Agreement provides that the cash collateral may be invested in State Street Navigator Securities Lending Trust, an affiliate of State Street, and proceeds from this investment are divided 70% as to the Fund and 30% as to State Street.

The Agreement also provides that the Fund may terminate the loans at any time and obtain the return of the securities, and that the Fund will continue to receive any interest or dividends obtained on any of the loaned securities and will continue to have voting rights with respect to the securities.

In the event the Fund lends its portfolio securities, the Fund may be exposed to counterparty risk, which may result in the delay in recovery of the loaned

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securities or possible loss of right in the collateral should the borrower become insolvent. However, under the amendment to the Agreement, State Street will indemnify the Fund in the case of borrower default.

Interest Rate and Currency Swap:

The Fund may engage in certain swap transactions in order to obtain a desired return at a lower cost than if the Fund had invested directly in the asset that yielded the desired return.

An interest rate and currency swap is an agreement between two parties which involves exchanging principal and fixed rate interest payments (one currency for principal and fixed rate interest payments in another currency in the case of interest rate and currency swap) for a specified period of time. Interest rate and currency swaps involve the accrual and exchange of interest payments between the parties.

During the term of the swap, changes in the value of the swap are recognized as unrealized gains or losses by 'marking-to-market' to reflect the market value of the swap. When the swap is terminated, the Fund will record a realized gain or loss equal to the difference, if any, between the proceeds from (or cost of) the closing transaction and the Fund's basis in the contract.

Aberdeen Asia-Pacific Income Fund, Inc. 29

Notes to Financial Statements (continued)

The Fund is exposed to credit loss in the event of non-performance by the other party to the interest rate and currency swap. However, the Fund does not anticipate non-performance by any counterparty.

Dividends and Distributions:

It is the Fund's current policy to pay dividends from net investment income supplemented by net realized foreign exchange gains, net realized short-term capital gains and return of capital distributions if necessary, on a monthly basis. The Fund will also declare and pay distributions at least annually from net realized gains on investment transactions and net realized foreign exchange gains, if any. Dividends and distributions to common shareholders are recorded on the ex-dividend date. Dividends and distributions to preferred shareholders are accrued on a weekly basis and are determined as described in Note 6.

Income distributions and capital and currency gains distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences are primarily due to differing treatments for foreign currencies, loss deferrals and recognition of market discount and premium.

Taxes:

For federal income and excise tax purposes, the Fund's transactions are accounted for using the Australian dollar as the functional currency. Accordingly, only realized currency gains and losses resulting from the repatriation of Australian dollars into United States dollars or transactions in New Zealand dollars or Asian country currencies are recognized for tax purposes.

No provision has been made for United States income taxes because it is the Fund's policy to continue to meet the requirements of the United States Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income to shareholders. The chart below summarizes the withholding tax rates in effect on interest income at the period end.

Withholding

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| Country | Tax Rate |
|-----------|----------|
| Australia | 10% |
| Hong Kong | 30 |
| Japan | 10 |
| Korea | 12 |
| Malaysia | 30 |

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Notes to Financial Statements (continued)

| Country | Withholding Tax Rate |
|-------------|----------------------|
| New Zealand | 10% |
| Philippines | 15 |
| Singapore | 30 |
| Thailand | 15 |

Cash Flow Information:

The Fund invests in securities and makes distributions to common shareholders from net investment income and net realized gains from investment and currency transactions, and to the extent necessary, from return of paid-in capital. These distributions are paid in cash or are reinvested at the discretion of shareholders. These activities are reported in the Statement of Changes in Net Assets and additional information on cash receipts and cash payments is presented in the Statement of Cash Flows. Cash includes domestic and foreign currency.

Note 2. Agreements

Aberdeen Asset Managers (C.I.) Limited (the 'Investment Manager') serves as investment manager to the Fund and Aberdeen Asset Management Limited (the 'Investment Adviser') serves as investment adviser to the Fund pursuant to a management agreement and an advisory agreement, respectively. The Investment Manager and the Investment Adviser are wholly-owned subsidiaries of Aberdeen Asset Management PLC.

The Investment Manager makes investment decisions on behalf of the Fund on the basis of recommendations and information furnished to it by the Investment Adviser, including the selection of and the placement of orders with brokers and dealers to execute portfolio transactions on behalf of the Fund.

The management agreement provides the Investment Manager with a fee, computed weekly and payable monthly, at the following annual rates: 0.65% of the Fund's average weekly total net assets of common and preferred shareholders up to \$200 million, 0.60% of such assets between \$200 million and \$500 million, 0.55% of such assets between \$500 million and \$900 million, 0.50% of such assets between \$900 million and \$1,750 million and 0.45% of such assets in excess of \$1,750 million.

The Investment Manager pays fees to the Investment Adviser for its services rendered. The Investment Manager informed the Fund that it paid \$4,360,224 to the Investment Adviser during the year ended October 31, 2002.

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Notes to Financial Statements (continued)

Prudential Investments LLC (the 'Administrator') serves as administrator to the Fund pursuant to an agreement. The administration agreement provides the Administrator with a fee at the annual rate of 0.15% of the Fund's average weekly total net assets of common and preferred shareholders up to \$900 million, 0.10% of such assets between \$900 million and \$1,750 million and 0.07% of such assets in excess of \$1,750 million. During the year, the Administrator remitted \$240,000 to the Investment Manager for certain compliance related administrative services provided.

Under terms of an Investor Relations Services Agreement, Aberdeen Fund Managers, Inc. ('Aberdeen'), an affiliate of the Fund's Investment Manager and Investment Advisor, serves as the Fund's investor relations services provider. This agreement provides Aberdeen with a monthly retainer fee of \$10,000 plus out-of-pocket expenses. During the year ended October 31, 2002, the Fund incurred fees of approximately \$120,000 for the services of Aberdeen. As of October 31, 2002, \$10,000 of this amount was due to Aberdeen. Investor relations fees and expenses in the Statement of Operations include certain out-of-pocket expenses.

Note 3. Portfolio Securities

Purchases and sales of investment securities, other than short-term investments, for the year ended October 31, 2002 aggregated \$708,129,654 and \$600,141,036, respectively.

The Fund entered into two interest rate and foreign currency swaps on February 16, 1999. Under the terms of the first swap, the Fund receives interest at a rate of 11.50% based on a notional amount of KRW5,124,367,250 and pays interest at a rate of 3.70% based on a notional amount of JPY500,000,000. Under the terms of the second swap, the Fund receives interest at a rate of 13.05% based on a notional amount of THB290,920,192 and pays interest at a rate of 3.35% based on a notional amount of JPY900,000,000. Net receipts or payments of such amounts are exchanged semi-annually. At October 31, 2002 the unrealized appreciation on currency swaps was \$1,652,167. The swaps are scheduled to terminate on April 26, 2006.

The Fund entered into an interest rate swap agreement on September 1, 2000. Under the terms of the agreement, the Fund receives a floating rate of interest based on a notional value of SGD 4,000,000 and pays interest at a fixed rate of 4.835%

32 Aberdeen Asia-Pacific Income Fund, Inc.

Notes to Financial Statements (continued)

based on a notional value of SGD 4,000,000. Net receipts of payments of such amounts are exchanged semi-annually. At October 31, 2002 the unrealized depreciation on this interest rate swap was \$352,949. The swap is scheduled to terminate on September 6, 2010.

The Fund entered into an interest rate swap agreement on September 16, 2002. Under the terms of the agreement, the Fund receives a floating rate of interest based on a notional value of \$200,000,000 and pays interest at a fixed rate of 2.10% subject to periodic resets. At October 31, 2002 the floating rate in effect was 1.82%. The net receipts of payments of such amounts are exchanged every 28 calendar days beginning after October 1, 2002. At October 31, 2002 the unrealized depreciation on this interest rate swap was \$576,061. The swap is scheduled to terminate on September 18, 2004.

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Net interest income of \$782,159 on interest rate and currency swaps earned during the year is included in interest income in the Statement of Operations.

At October 31, 2002 the Fund had outstanding forward currency contracts to buy and sell foreign currency against United States dollars as follows:

| Foreign Currency Sale Contract | Value at Settlement Date Receivable | Current Value | Depreciation |
|---------------------------------------|---|------------------|--------------------------------|
| ----- | ----- | ----- | ----- |
| Thailand Baht | | | |
| settlement date 11/29/02 | \$ 7,788,049 | \$ 7,838,484 | \$ 50,435 |
| ----- | ----- | ----- | ----- |
| | | | |
| Foreign Currency Purchase Contract | Value at Settlement Date Payable | Current Value | Appreciation (Depreciation) |
| ----- | ----- | ----- | ----- |
| Indian Rupee | | | |
| settlement date 11/6/02 | \$ 8,135,000 | \$ 8,297,731 | \$ 162,731 |
| settlement date 11/6/02 | 4,458,000 | 4,503,835 | 45,835 |
| Philippine Peso | | | |
| settlement date 1/29/03 | 6,191,000 | 6,202,141 | 11,141 |
| South Korean Won | | | |
| settlement date 1/13/03 | 7,700,000 | 7,913,416 | 213,416 |
| Thailand Baht | | | |
| settlement date 11/1/02 | 1,804,000 | 1,805,933 | 1,933 |
| settlement date 11/29/02 | 8,000,000 | 7,838,484 | (161,516) |
| Yuan Renminbi | | | |
| settlement date 1/24/03 | 8,316,000 | 8,319,165 | 3,165 |
| ----- | ----- | ----- | ----- |
| | \$44,604,000 | \$44,880,705 | \$ 276,705 |
| ----- | ----- | ----- | ----- |

Aberdeen Asia-Pacific Income Fund, Inc. 33

Notes to Financial Statements (continued)

During the year ended October 31, 2002, the Fund entered into financial futures contracts. Details of open contracts at October 31, 2002 are as follows:

| Number of Contracts | Type | Expiration Date | Value at October 31, 2002 | Value at Trade Date | Unrealized Appreciation/ (Depreciation) |
|------------------------|------------|--------------------|---------------------------------|---------------------------|---|
| ----- | ----- | ----- | ----- | ----- | ----- |
| | Short | | | | |
| | Positions: | | | | |
| | 10yr U.S. | | | | |
| | Treasury | | | | |

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| | | | | | |
|----|---|---------|-------------|-------------|-------------|
| 10 | Notes | Dec. 02 | \$1,147,188 | \$1,116,485 | \$ (30,703) |
| | 10yr Australian Treasury Bonds | | | | |
| 58 | | Dec. 02 | 3,041,921 | 3,030,171 | (11,750) |
| | 3yr Australian Treasury Bonds | | | | |
| 60 | | Dec. 02 | 3,165,630 | 3,163,632 | (1,998) |
| | | | | | ----- |
| | | | | | \$ (44,451) |
| | | | | | ----- |

Note 4. Distributions and Tax Information

Distributions to shareholders, which are determined in accordance with federal income tax regulations, which may differ from generally accepted accounting principals, are recorded on the ex-dividend date. In order to present undistributed net investment income (loss) and accumulated net realized gains (losses) on the Statement of Assets and Liabilities in a way that more closely represent their tax character, certain adjustments have been made to paid-in capital in excess of par, undistributed net investment income (loss) and accumulated net realized gains (loss) on investments.

For the year ended October 31, 2002, the adjustments were to decrease accumulated net investment loss by \$27,208,126, decrease accumulated net realized gain on investments by \$29,758,103, decrease accumulated net realized and unrealized foreign exchange losses by \$77,920,781 and decrease paid-in capital in excess of par by \$75,370,804. Net investment income, net realized losses and net assets were not affected by this change.

For the year ended October 31, 2002, the tax character of total dividends paid to common shareholders as reflected in the Statement of Changes in Net Assets, are

34 Aberdeen Asia-Pacific Income Fund, Inc.

Notes to Financial Statements (continued)

\$41,276,180 of ordinary income and \$75,370,804 of return of capital distributions.

The United States federal income tax basis of the Fund's investments and the net unrealized appreciation as of October 31, 2002 were as follows:

| Tax Basis of Investments | Appreciation | Depreciation | Net Unrealized Appreciation |
|-----------------------------|--------------|--------------|-----------------------------------|
| ----- | ----- | ----- | ----- |
| \$1,857,348,511 | \$64,762,638 | \$25,712,854 | \$39,049,784 |

The difference between book basis and tax basis was primarily attributable to deferred losses on wash sales, differing tax treatment for foreign currencies, loss deferrals and recognition of discount and of premium amortization.

Note 5. Common Stock

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There are 400 million shares of common stock authorized. At October 31, 2002, there were 264,654,000 common shares issued and outstanding.

On October 8, 2002, the Fund filed a registration statement with the Securities and Exchange Commission in connection with a proposed transferable rights offering to common shareholders. The purpose of the offering is to enable the Fund to increase its investments in Asian debt securities and increase the Fund's net investment income. For the year ended October 31, 2002, the Fund incurred \$100,000 of expenses in connection with the proposed rights offering. These expenses are being deferred and will reduce the future proceeds from the offering. If the Fund does not consummate the rights offering, the deferred expenses will be recognized.

On March 1, 2001, the Board of Directors approved a stock repurchase program. The stock repurchase program allows the Fund to repurchase up to 10% of its outstanding common stock in the open market during any 12 month period if and when the discount to net asset value is at least 10%. The weighted average discount rate for the year ended October 31, 2002 was 13.33%. The number of shares repurchased and cancelled under this program for the years ended October 31, 2002 and October 31, 2001 were 2,127,600 and 595,700, respectively.

Aberdeen Asia-Pacific Income Fund, Inc. 35

Notes to Financial Statements (continued)

Note 6. Preferred Stock

The Preferred Stock shareholders have rights as determined by the Board of Directors. The 24,000 shares of Auction Market Preferred Stock ('Preferred Stock') outstanding consist of nine series as follows: Series A--3,000 shares, Series B--3,000 shares, Series C--2,000 shares, Series D--4,000 shares, Series E--2,000 shares, Series F--2,000 shares, Series G--3,000 shares, Series H--2,500 shares and Series I--2,500 shares.

Dividends on each series of Preferred Stock are cumulative at a rate established at the initial public offering and are typically reset every 28 days for Series A through D and every seven days for Series E through I based on the results of an auction. Dividend rates ranged from 1.7% to 2.7% during the year ended October 31, 2002. Under the Investment Company Act of 1940, the Fund may not declare dividends or make other distributions on shares of common stock or purchase any such shares if, at the time of the declaration, distribution or purchase, asset coverage with respect to the outstanding Preferred Stock would be less than 200%.

The Preferred Stock is redeemable at the option of the Fund, in whole or in part, on any dividend payment date at liquidation value plus any accumulated but unpaid dividends. The Preferred Stock is also subject to mandatory redemption at liquidation value plus any accumulated but unpaid dividends if certain requirements relating to the composition of the assets and liabilities of the Fund as set forth in the Articles of Incorporation are not satisfied.

The holders of Preferred Stock have voting rights equal to the holders of common stock (one vote per share) and will vote together with holders of shares of common stock as a single class. However, holders of Preferred Stock are also entitled to elect two of the Fund's directors.

A recent Securities and Exchange Commission staff announcement, Emerging Issues Task Force Discussion ('EITF D'-98), Classification and Measurement of Redeemable Securities, was issued providing new guidance related to the presentation of Preferred Shares in the financial statements. To conform with

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this guidance, the Fund has reclassified its Preferred Stock outside of net assets in the Statement of Assets and Liabilities and restated its Statement of Changes in Net Assets to reflect only net assets applicable to common shareholders.

36 Aberdeen Asia-Pacific Income Fund, Inc.

Notes to Financial Statements (continued)

Note 7. Subsequent Events

On November 18, 2002 and December 11, 2002, the Board of Directors declared a monthly distribution of 3.5 cents per share payable on December 6, 2002 and January 10, 2003 to all shareholders of record as of November 29, 2002 and December 31, 2002 (ex-dividend dates November 26, 2002 and December 27, 2002, respectively).

Subsequent to October 31, 2002, dividends and distributions declared and paid on Preferred Stock totaled approximately \$1,338,895 for the nine outstanding preferred share series in the aggregate through December 13, 2002.

Aberdeen Asia-Pacific Income Fund, Inc. 37

Financial Highlights

| | Year Ended October 31, 2002### |
|---|---|
| ----- | |
| PER SHARE OPERATING PERFORMANCE*: | |
| Net asset value per common share, beginning of year..... | \$ 4.65 |
| | ----- |
| Net investment income..... | .40 |
| Net realized and unrealized gain (loss) on investments and foreign currencies..... | .50 |
| | ----- |
| Total from investment operations..... | .90 |
| | ----- |
| Dividends from net investment income to preferred shareholders..... | (.05) |
| Dividends from net investment income to common shareholders..... | (.16) |
| Tax return of capital distribution..... | (.28) |
| Distributions from net capital and currency gains to preferred shareholders..... | -- |
| Distributions from net capital and currency gains to common shareholders..... | -- |
| | ----- |
| Total dividends and distributions..... | (.49) |
| | ----- |
| Capital reduction with respect to issuance of shares..... | -- |
| Increase resulting from Fund share repurchase..... | --## |
| | ----- |
| Net asset value per common share, end of year..... | 5.06 |
| | ----- |
| Market price per common share, end of year..... | \$ 4.25 |
| | ----- |

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| | |
|--|-------------|
| TOTAL INVESTMENT RETURN BASED ON (D) : | |
| Market value..... | 17.01% |
| Net asset value..... | 19.65% |
| RATIOS TO AVERAGE NET ASSETS OF COMMON SHAREHOLDERS/SUPPLEMENTAL DATA#: | |
| Expenses (D) (D)..... | 1.51% |
| Net investment income available to common shareholders... | 7.21% |
| Portfolio turnover rate..... | 36% |
| Net assets of common shareholders, end of period (000 omitted)..... | \$1,339,871 |
| Average net assets of common shareholders (000 omitted)..... | \$1,280,112 |
| Senior securities (preferred stock) outstanding (000 omitted)..... | \$ 600,000 |
| Asset coverage of preferred stock at period-end..... | 326% |

* Calculated based upon average shares outstanding during the year.

D Total investment return is calculated assuming a purchase of common stock on the first day and a sale on the last day of each year reported. Dividends and distributions 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.

DD Includes expenses of both preferred and common stock.

Ratios calculated on the basis of income, expenses and preferred share dividends applicable to both the common and preferred shares relative to the average net assets of common shareholders. Expense ratios relative to the average net assets of common and preferred shareholders are 1.03%, 1.03%, .98%, .95% and .95%, respectively. Ratios to average net assets of net investment income before preferred stock dividends are 8.18%, 10.76%, 10.52%, 9.79% and 10.72%, respectively. Ratios to average net assets of preferred stock dividends are .97%, 2.28%, 2.30%, 1.45% and 2.21%, respectively.

Less than \$0.005 per share.

Effective November 1, 2001, the Fund has adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began amortizing premiums on debt securities. The effect of this change for the year ended October 31, 2002 was to decrease net investment income per share by \$0.05 and increase net realized and unrealized gain (loss) per share by \$0.05 and decrease the ratio of net investment income from 8.31% to 7.21%. Per share amounts and ratios for the years ended prior to October 31, 2002 have not been restated to reflect this change in presentation.

38 Aberdeen Asia-Pacific Income Fund, Inc. See Notes to Financial Statements.

Financial Highlights (continued)

| Year Ended October 31, | | | | |
|------------------------|---------|---------|---------|--|
| 2001 | 2000 | 1999 | 1998 | |
| \$ 4.78 | \$ 6.20 | \$ 7.33 | \$ 8.85 | |
| .53 | .60 | .67 | .82 | |
| (.01) | (1.28) | (.35) | (1.45) | |
| .52 | (.68) | .32 | (1.63) | |
| (.11) | (.13) | (.10) | (1.17) | |

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| | | | |
|--------------|--------------|--------------|--------------|
| (.22) | (.39) | (.63) | (.51) |
| (.32) | (.21) | -- | -- |
| -- | (.01) | (.02) | -- |
| -- | -- | (.09) | (.21) |
| ----- | ----- | ----- | ----- |
| (.65) | (.74) | (.84) | (.89) |
| ----- | ----- | ----- | ----- |
| -- | -- | (.61) | -- |
| --## | -- | -- | -- |
| ----- | ----- | ----- | ----- |
| \$ 4.65 | \$ 4.78 | \$ 6.20 | \$ 7.33 |
| ----- | ----- | ----- | ----- |
| \$ 4.02 | \$ 3.86 | \$ 6.00 | \$ 5.625 |
| ----- | ----- | ----- | ----- |
| 18.74% | (26.73)% | 20.96% | (23.19)% |
| 10.91% | (12.19)% | (5.15)% | (8.10)% |
| 1.51% | 1.36% | 1.26% | 1.47% |
| 8.48% | 8.22% | 8.34% | 8.51% |
| 47% | 64% | 89% | 61% |
| \$ 1,241,841 | \$ 1,279,346 | \$ 1,657,365 | \$ 1,428,142 |
| \$ 1,299,044 | \$ 1,530,638 | \$ 1,775,894 | \$ 1,485,690 |
| \$ 600,000 | \$ 600,000 | \$ 600,000 | \$ 600,000 |
| 308% | 316% | 376% | 338% |

NOTE: Contained above is operating performance for a share of common stock outstanding, total investment return, ratios to average net assets of common shareholders and other supplemental data for each of the years indicated. This information has been determined based upon financial information provided in the financial statements and market value data for the Fund's common shares.

See Notes to Financial Statements. Aberdeen Asia-Pacific Income Fund, Inc. 39

Report of Independent Accountants

To the Shareholders and Board of Directors of
Aberdeen Asia-Pacific Income Fund, Inc.

In our opinion, the accompanying statement of assets and liabilities, including the portfolio of investments, and the related statements of operations, of cash flows and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Aberdeen Asia-Pacific Income Fund, Inc. (the 'Fund') at October 31, 2002, the results of its operations and its cash flows 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 auditing standards generally accepted in the United States of America which 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

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significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at October 31, 2002 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
 1177 Avenue of the Americas
 New York, New York
 December 16, 2002

40 Aberdeen Asia-Pacific Income Fund, Inc.

Federal Tax Information (Unaudited)

As required by Internal Revenue Code regulations, we are to advise you within 60 days of the Fund's fiscal year end (October 31, 2002) as to the tax status of dividends, distributions and foreign tax credits paid by the Fund during the fiscal year. During fiscal year 2002, the Fund paid dividends and distributions to common shareholders of \$.16 and \$.28 of net investment income and return of capital, respectively. During fiscal year 2002, the Fund paid amounts for dividends and distributions to preferred shareholders from net investment income and capital gains as shown in the table below. These dividends do not qualify for the 70% dividends received deduction for corporations.

The Fund has elected to give the benefit of foreign tax credits to its shareholders in the amount designated below on a per share basis. Accordingly, shareholders who must report their gross income dividends and distributions in a federal income tax return will be entitled to a foreign tax credit, or an itemized deduction, in computing their U.S. income tax liability. It is generally more advantageous to claim a credit rather than to take a deduction. The following table allocates the dividends and distributions paid by their sources:

| | Gross Amount | Foreign Taxes Paid | Net Dividends and Distributions Paid |
|------------------|-----------------|--------------------------|--|
| ----- | | | |
| Common Shares | | | |
| ----- | | | |
| Distributions: | | | |
| Foreign Source | \$.3246 | \$.0260 | \$.2986 |
| United States | .1414 | -- | .1414 |
| | ----- | ----- | ----- |
| | \$.4660 | \$.0260 | \$.4400 |
| | ----- | ----- | ----- |
| ----- | | | |
| Preferred Shares | | | |
| ----- | | | |
| Series A: | | | |
| Ordinary Income: | | | |
| Foreign Source | \$402.15 | \$25.77 | \$376.38 |
| United States | 163.93 | -- | 163.93 |
| | ----- | ----- | ----- |
| | \$566.08 | \$25.77 | \$540.31 |
| | ----- | ----- | ----- |
| ----- | | | |
| Series B: | | | |
| Ordinary Income: | | | |
| Foreign Source | \$397.53 | \$25.47 | \$372.06 |
| United States | 162.04 | -- | 162.04 |

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| | | |
|----------|---------|----------|
| ----- | ----- | ----- |
| \$559.57 | \$25.47 | \$534.10 |
| ----- | ----- | ----- |
| ----- | ----- | ----- |

Aberdeen Asia-Pacific Income Fund, Inc. 41

Federal Tax Information (Unaudited) (continued)

| Common Shares | Gross Amount | Foreign Taxes Paid | Net Dividends and Distributions Paid |
|------------------|-----------------|--------------------------|--|
| ----- | ----- | ----- | ----- |
| Series C: | | | |
| Ordinary Income: | | | |
| Foreign Source | \$382.93 | \$24.54 | \$358.39 |
| United States | 156.09 | -- | 156.09 |
| | ----- | ----- | ----- |
| | \$539.03 | \$24.54 | \$514.49 |
| | ----- | ----- | ----- |
| Series D: | | | |
| Ordinary Income: | | | |
| Foreign Source | \$390.46 | \$25.02 | \$365.44 |
| United States | 159.16 | -- | 159.16 |
| | ----- | ----- | ----- |
| | \$549.62 | \$25.02 | \$524.60 |
| | ----- | ----- | ----- |
| Series E: | | | |
| Ordinary Income: | | | |
| Foreign Source | \$378.11 | \$24.23 | \$353.88 |
| United States | 154.13 | -- | 154.13 |
| | ----- | ----- | ----- |
| | \$532.24 | \$24.23 | \$508.01 |
| | ----- | ----- | ----- |
| Series F: | | | |
| Ordinary Income: | | | |
| Foreign Source | \$379.96 | \$24.35 | \$355.62 |
| United States | 154.88 | -- | 154.88 |
| | ----- | ----- | ----- |
| | \$534.85 | \$24.35 | \$510.50 |
| | ----- | ----- | ----- |
| Series G: | | | |
| Ordinary Income: | | | |
| Foreign Source | \$384.75 | \$24.65 | \$360.10 |
| United States | 156.84 | -- | 156.84 |
| | ----- | ----- | ----- |
| | \$541.59 | \$24.65 | \$516.93 |
| | ----- | ----- | ----- |
| Series H: | | | |
| Ordinary Income: | | | |
| Foreign Source | \$385.24 | \$24.69 | \$360.55 |
| United States | 157.04 | -- | 157.04 |
| | ----- | ----- | ----- |

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| | | | |
|------------------|----------|---------|----------|
| | \$542.28 | \$24.69 | \$517.59 |
| | ----- | ----- | ----- |
| | ----- | ----- | ----- |
| Series I: | | | |
| Ordinary Income: | | | |
| Foreign Source | \$385.92 | \$24.73 | \$361.19 |
| United States | 157.31 | -- | 157.31 |
| | ----- | ----- | ----- |
| | \$543.23 | \$24.73 | \$518.50 |
| | ----- | ----- | ----- |
| | ----- | ----- | ----- |

42 Aberdeen Asia-Pacific Income Fund, Inc.

Federal Tax Information (Unaudited) (continued)

Although the Fund has made the election required to make this foreign tax credit or deduction available to you, the amount of allowable tax credit is subject to Section 904 of the Internal Revenue Code. Shareholders are advised to consult their own tax advisors with respect to the tax consequences of their investment in the Fund.

In January 2003 shareholders will receive Form 1099-DIV, or substitute 1099-DIV, which will reflect the amount of dividends and distributions and foreign taxes to be used by calendar year taxpayers on their 2002 federal income tax returns.

Aberdeen Asia-Pacific Income Fund, Inc. 43

Capital Structure (Unaudited)

SHARE CAPITAL

| Authorized | Issued | |
|-------------|-------------|---|
| 400,000,000 | 264,654,000 | Common stock, \$0.01 par value per share |
| 24,000 | 24,000 | Preferred stock, \$25,000 liquidation value per share |

CAPITAL HISTORY

| Common Stock | | |
|-------------------------|------------|--|
| April 11, 1986 | 10,723 | Seed Shares issued to Equitilink International Management Ltd. (former name of the Investment Manager of the Fund) at \$9.33 |
| April 24, 1986 | 85,643,095 | Initial public offering of common stock at \$9.31 per share |
| Quarter ended July 1986 | 24,698 | Shares issued through dividend reinvestment program |

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| | | |
|----------------------------|-------------|---|
| January 15, 1987 | 215,277 | Shares issued through dividend reinvestment program |
| Quarter ended July 1989 | 60,825 | Shares issued through dividend reinvestment program |
| Quarter ended January 1992 | 447,154 | Shares issued through dividend reinvestment program |
| Quarter ended April 1992 | 1,184,955 | Common stock dividend paid |
| Quarter ended July 1992 | 334,574 | Shares issued through dividend reinvestment program |
| Quarter ended October 1992 | 341,430 | Shares issued through dividend reinvestment program |
| October 9, 1992 | 13,177,779 | Rights offering of common stock at \$9.75 per share |
| Quarter ended October 1992 | 363,896 | Shares issued through dividend reinvestment program |
| Quarter ended January 1993 | 443,783 | Shares issued through dividend reinvestment program |
| Quarter ended April 1993 | 301,318 | Shares issued through dividend reinvestment program |
| Quarter ended July 1993 | 559,335 | Common stock dividend paid |
| Quarter ended October 1993 | 452,926 | Shares issued through dividend reinvestment program |
| Quarter ended January 1994 | 474,075 | Shares issued through dividend reinvestment program |
| November 12, 1993 | 17,311,869 | Rights offering of common stock at \$9.48 per share |
| Quarter ended July 1994 | 532,983 | Shares issued through dividend reinvestment program |
| Quarter ended October 1994 | 1,053,232 | Shares issued through dividend reinvestment program |
| Quarter ended January 1995 | 541,952 | Shares issued through dividend reinvestment program |
| Quarter ended July 1995 | 474,075 | Shares issued through dividend reinvestment program |
| Quarter ended October 1995 | 177,377 | Shares issued through dividend reinvestment program |
| May 5, 1995 | 702,496 | Common stock dividend paid |
| Quarter ended January 1996 | 30,723,350 | Rights offering of common stock at \$7.64 per share |
| Quarter ended July 1996 | 568,703 | Shares issued through dividend reinvestment program |
| Quarter ended October 1996 | 38,911,951 | Rights offering of common stock at \$8.03 per share |
| Quarter ended January 1997 | 184,572 | Shares issued through dividend reinvestment program |
| Quarter ended July 1997 | 184,572 | Shares issued through dividend reinvestment program |
| November 2, 1998 | 71,991,921 | Rights offering of common stock at \$5.30 per share |
| Quarter ended October 1999 | 641,051 | Shares issued through dividend reinvestment program |
| Quarter ended July 2001 | (590,700) | Buy back of common stock |
| Quarter ended October 2001 | (5,000) | Buy back of common stock |
| Quarter ended January 2002 | (1,562,200) | Buy back of common stock |
| Quarter ended April 2002 | (520,700) | Buy back of common stock |
| Quarter ended July 2002 | (44,700) | Buy back of common stock |

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Capital Structure (Unaudited) (continued)

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| Preferred Stock | | |
|--------------------|--------|---|
| Authorized | Issued | |
| January 19, 1989 | 2,000 | Preferred stock issuance (Series A-750 shares, B-750 shares & C-500 shares) (Liquidation value \$200 Million) |
| August 2, 1989 | 1,000 | Preferred stock issuance (Series D) (Liquidation value \$100 Million) |
| December 23, 1992 | 500 | Preferred stock issuance (Series E) (Liquidation value \$50 Million) |
| December 20, 1993 | 500 | Preferred stock issuance (Series F) (Liquidation value \$50 Million) |
| July 27, 1995 | 3,000 | Preferred stock issuance (Series G) (Liquidation value \$75 Million) |
| April 25, 1996 | 12,000 | Preferred stock split 4 to 1 (Series A, B, C, D, E, F) |
| September 10, 1996 | 5,000 | Preferred stock issuance (Series H-2,500 shares & I-2,500 shares) (Liquidation value \$125 million) |

Aberdeen Asia-Pacific Income Fund, Inc. 45

Other Information (Unaudited)

Dividend Reinvestment and Cash Purchase Plan.--Shareholders may elect to have all distributions of dividends and capital gains automatically reinvested in Fund shares pursuant to the Fund's Dividend Reinvestment and Cash Purchase Plan (the 'Plan'). Generally, shareholders who do not participate in the Plan will receive all distributions in cash paid by check in United States dollars mailed directly to the shareholders of record (or if the shares are held in street or other nominee name, then to the nominee) by the custodian, as dividend disbursing agent. Shareholders who wish to participate in the Plan should contact the Fund at (800) 451-6788.

EquiServe Trust Company N.A. (the 'Plan Agent') serves as agent for the shareholders in administering the Plan. Dividends and capital gains distributions payable to Plan participants will be promptly invested. If the Fund declares an income dividend or capital gains distribution payable in stock to shareholders who are not Plan participants, then Plan participants will receive that dividend or distribution in newly issued shares on identical terms and conditions.

In every other case Plan participants will receive shares on the following basis: If the market price of the Fund's common stock plus any brokerage commission is equal to or exceeds net asset value, Plan participants will receive newly issued shares valued at the greater of net asset value or 95% of current market price. If, on the other hand, the net asset value plus any brokerage commission exceeds the market price, the Plan Agent will buy shares in the open market. If the market price plus any applicable brokerage commission exceeds net asset value before the Plan Agent has completed its purchases, the Fund will issue new shares to complete the program. All reinvestments are in

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full and fractional shares carried to three decimal places.

There is no charge to participants for reinvesting dividends or capital gain distributions, except for certain brokerage commissions, as described below. The Plan Agent's fees for the handling of the reinvestment of dividends and distributions will be paid by the Fund. There will be no brokerage commissions charged with respect to shares issued directly by the Fund. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment of dividends and distributions. The automatic reinvestment of dividends and distributions will not relieve participants of any federal income tax that may be payable on such dividends and distributions.

46 Aberdeen Asia-Pacific Income Fund, Inc.

Other Information (Unaudited) (continued)

The Plan also allows participants to make optional cash investments of at least \$100 in Fund shares as frequently as monthly through the Plan Agent on the open market. Participants must pay a service fee of \$0.75 for each investment and a pro rata share of the brokerage commissions.

The Fund reserves the right to amend or terminate the Plan either in full or partially upon 90 days' written or telephone notice to shareholders of the Fund.

Participants in the Plan may withdraw some or all of their shares from the Plan upon written notice to the Plan Agent and will receive certificates for whole Shares and cash for fractional Shares. In the alternative, by giving proper notice to the Plan Agent, participants may receive cash in lieu of shares in an amount which is reduced by brokerage commissions in connection with the sale of shares and a \$2.50 service fee.

All correspondence concerning the Plan should be directed to the Plan Agent, EquiServe Trust Company N.A., P.O. Box 43011, Providence, RI 02940-3011.

Aberdeen Asia-Pacific Income Fund, Inc. 47

Management of the Fund (Unaudited)

Board of Directors Information

The names of the Directors and officers of the Fund, their addresses, ages 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, the Investment Manager or the 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.'

Interested Directors

| Position(s) | Term of Office* |
|-------------|-----------------|
|-------------|-----------------|

| Number of Funds | Number of Funds | Number of Funds |
|-----------------|-----------------|-----------------|
|-----------------|-----------------|-----------------|

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| Name, Address and Age | Held With the Fund | and Length of Time Served | Principal Occupation(s) During Past Five Years | Overseas Director |
|---|---|---|---|-------------------|
| <p>Martin J. Gilbert** One Albyn Place Aberdeen, AB10 1YG United Kingdom</p> <p>Age: 47</p> | <p>Chairman of the Board; Class III Director</p> | <p>Term expires 2003; Director since 2001</p> | <p>Mr. Gilbert is the Chief Executive and an Executive Director of Aberdeen Asset Management PLC, which was established in 1983 and is the parent company of the Fund's Investment Manager and Investment Adviser. He is one of the founding directors of Aberdeen Asset Management PLC and has been involved in the investment management industry since 1982, after he qualified as a chartered accountant. He has been Chairman of the Board of the Fund and of Aberdeen Global Income Fund, Inc. since 2001. He has been a Director of Aberdeen Asset Management Limited (the Fund's Investment Adviser) and Aberdeen Asset Managers (C.I.) Limited (the Fund's Investment Manager) since 2001.</p> | 2 |
| <p>Beverley Hendry** 300 Las Olas Place 300 S.E. 2nd Street, Suite 820 Fort Lauderdale, FL 33301</p> <p>Age: 49</p> | <p>Class I Director; Assistant Treasurer</p> | <p>Term as Director expires 2004; Director since 2001</p> | <p>Mr. Hendry served as Executive Director of Aberdeen Asset Management PLC (parent company of the Fund's Investment Manager and Investment Adviser) from 1991 to 2002. He has also served as Chief Executive Officer of Aberdeen Fund Managers, Inc. (affiliate of the Fund's Investment Manager and Investment Adviser) since 1995. Mr. Hendry has been a Director of Aberdeen Asset Managers (C.I.) Limited (the Fund's Investment Manager) since 2001.</p> | 1 |
| <p>Brian M. Sherman** 2 Paddington Street Paddington, NSW 2021 Australia</p> <p>Age: 59</p> | <p>Class II Director</p> | <p>Term expires 2005; Director since 1986</p> | <p>Mr. Sherman has 36 years experience in international funds management, stockbroking, and in particular, 24 years in the funds management industry in Australia, managing money in equities and</p> | 1 |

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Aberdeen Asia-Pacific Income Fund, Inc. 49

Management of the Fund (Unaudited) (continued)

| 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 Completed Overseas Direct |
|-----------------------|--------------------------------------|--|---|--|
|-----------------------|--------------------------------------|--|---|--|

bonds. He was Chairman of the Fund from 2000 to 2001 and President of the Fund to 2001. Until December 2000, he was Chairman and Joint Managing Director of the Fund's Investment Adviser, and a Director of the Fund's Investment Manager.

Mr. Sherman was also Vice President and a Director from 1992 to 2000, and Chairman from 1995 to 2000, of Aberdeen Global Income Fund, Inc.; President from 1985 to 2001 and Director from 1985 to 2000 of Aberdeen Australia Equity Fund, Inc.; Joint Managing Director from 1986 to 2001 and Chairman from 1995 to 2001 of Aberdeen Asia-Pacific Income Investment Company Limited; Joint Managing Director from 1988 to 2000 of EquitiLink Limited (holding company); and a Director of Equitilink E Link Ltd. from 1998 to 2002 (listed investment company). Mr. Sherman was a Director of the Sydney Olympic Games Organizing Committee (SOGOC) from 1996 until 2000. He is currently Chairman of Sherman Group Limited, an investment company; Chairman of Sonic

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Communications Pty. Limited; and Chairman of Pulse International Pty. Limited. Mr. Sherman has also been President of the Australian Museum Trust (since 2000).

 * Aberdeen Australia Equity Fund, Inc. and Aberdeen Global Income Fund, Inc. have a common Investment Manager and Investment Adviser with the Fund, and may thus be deemed to be part of the same 'Fund Complex' as the Fund.

** Mr. Sherman is deemed to be an interested person because of his ownership of securities of Aberdeen Asset Management PLC, the parent company of the Fund's Investment Manager and Investment Adviser. Messrs. Gilbert and Hendry are deemed to be interested persons because of their affiliation with the Fund's Investment Manager and Investment Adviser.

50 Aberdeen Asia-Pacific Income Fund, Inc.

Aberdeen Asia-Pacific Income Fund, Inc. 51

Management of the Fund (Unaudited) (continued)

Independent 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 | Number Funds Fun Compl Overse Direc |
|--|--------------------------------------|--|---|--|
| Anthony E. Aaronson 110 E. 9th Street Suite 721B Los Angeles, CA 90079 Age: 65 | Class I Director | Term expires 2004; Director since 1986 | Mr. Aaronson is owner of Tony Aaronson Textiles. He was a Director of the Textile Association of Los Angeles from 1997 to 2000. Mr. Aaronson has extensive experience in the management of private investments. He served as Chairman of the Audit Committee of the Fund from the inception of the Fund until 2000. | 2 |
| David L. Elsum, A.M. 9 May Grove South Yarra, Victoria 3141 Australia Age: 65 | Class III Director | Term expires 2003; Director since 1986 | Mr. Elsum has over 20 years of experience in investment and insurance markets. He was a member of the Corporations and Securities Panel of the Australian Securities | 3 |

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Commission until 2000, a member of the Australian Federal Government Administrative Appeals Tribunal until 2001, Chairman of Audit Victoria (government statutory authority) from 1997 to 2000, and has been a member of the State of Victoria Regulator-General Appeal Panel since 2001. Mr. Ellum is Chairman of Stodart Investment Pty. Ltd. Previously, he was founding Managing Director of Capel Court Investment Bank, and Chief Executive of several major public companies, including The MLC Limited (insurance) and President of the State of Victoria Superannuation Fund (pension fund management).

Howard A. Knight
421 Glenbrook Road, #2
Stamford, CT 06906

Class II
Director

Term expires
2005; Director
since 1993

Mr. Knight has over 30 years of experience in financial markets and has been actively involved in the Australian financial markets for more than 25 years. From 1991 to 1994, he served as President of Investment Banking, Equity Transactions and Corporate Strategy at Prudential Securities. From 1996 to 2001, Mr. Knight served as Vice Chairman and Chief Operating

Age: 60

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Aberdeen Asia-Pacific Income Fund, Inc. 53

Management of the Fund (Unaudited) (continued)

| 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 Funds Fun Compl Overse Direc |
|-----------------------|--------------------------------------|--|---|--|
|-----------------------|--------------------------------------|--|---|--|

Officer of SBS
Broadcasting SA (European

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| | | | | |
|---|------------------------------|---|---|----------|
| <p>P. Gerald Malone 861 Coronation Road Park Royal London NW 107PT United Kingdom</p> | <p>Class II Director</p> | <p>Term expires 2005; Director since 2001</p> | <p>television and radio broadcasting), where he was actively involved in investment management and capital markets. Mr. Knight is currently an independent director and management adviser.</p> | <p>1</p> |
| <p>Age: 52</p> | | | <p>Mr. Malone has been chairman or a director of several companies in the health care industry since 1998. He has been Chairman since 2000 and a Director since 1999 of Regent GM Laboratories Ltd. (generic pharmaceutical manufacturer); Director of Chiltern Invadex plc (manufacturers of patient handling and showering equipment) since 1999; a Director of Ultrasis plc (developers of health care software) since 2000, a Director of European Growth and Income Trust plc (investment trust) since 2000, a Director of Quinta dos Pinhios Limited (real estate) since 2001; and a Director of Sense-Sonic Limited. Mr. Malone was Minister of Health between 1994 and 1997, and a Member of Parliament from Winchester between 1992 and 1997. Mr. Malone was the Executive Editor of The European in 1998.</p> | |
| <p>Neville J. Miles 2 Paddington Street Paddington, NSW 2021 Australia</p> | <p>Class I Director</p> | <p>Term expires 2004; Director since 1996</p> | <p>Mr. Miles has over 20 years of international investment banking experience. He was formerly head of Corporate Treasury at Westpac Banking Corporation and Managing Director of Ord Minnett Securities Limited (stockbrokers). Mr. Miles has extensive experience in the areas of corporate acquisitions and equity offerings.</p> | <p>3</p> |
| <p>Age: 56</p> | | | <p>Mr. Miles is currently an investor and real estate developer. He has served, for over five years, as a</p> | |

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Director of Ballyshaw Pty. Ltd. (investing/consulting) and Dawnglade Pty. Ltd. (real estate investment),

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Aberdeen Asia-Pacific Income Fund, Inc. 55

Management of the Fund (Unaudited) (continued)

| 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 Funds Fun Compl Overse Direc |
|--|--------------------------------------|--|---|--|
| Peter J. O'Connell 3 Spring Street Suite 8, Level 6 Sydney, NSW 2000 Australia | Class III Director | Term expires 2003; Director since 1999 | and has served as a Director of Villepen Pty. Ltd. (real estate investment company) since 1999; Sonic Communications Pty. Ltd. since 2000, and Commsecure Limited since 2002. Mr. O'Connell is involved in modern technology developments, has extensive business experience in the Asian region, and has served as an international mergers and acquisitions lawyer in this region. Mr. O'Connell is admitted as a solicitor in Australia and he has been Chief Executive Officer of Smart Device Marketing Company since 2001. Mr. O'Connell has also served as Chief Executive Officer of Lang Holdings (Aust) Pty. Ltd. (technology consulting) since 2001; and Chief Executive Officer of Ten Ventures Pty. Ltd. (establishment of media-based internet businesses) from 1999 until 2000. Mr. O'Connell was Chief of Operations of Consolidated Press Holdings Pty. Limited (supervision of private | 2 |

Age: 49

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equity investments) from 1997 to 1999; Chief Executive Officer (from 1994 to 1996) and Director (from 1994 to 1999) of Hargrave Consultants Pty. Ltd., (technology consulting).

William J. Potter
236 West 27th Street
3rd Floor
New York, NY 10001

Class II
Director

Term expires
2003; Director
since 1986

Mr. Potter has extensive experience in investment banking and fund management. Mr. Potter has held senior positions with Toronto Dominion Bank, Barclays Bank PLC, and Prudential Securities, Inc., as well as board of director positions with investment funds involving over \$20 billion in assets since 1983. Mr. Potter has been involved in the Australian capital markets since 1974, including management and board of director positions with a noted Australian brokerage house. Mr. Potter is President of a U.S.

Age: 54

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Aberdeen Asia-Pacific Income Fund, Inc. 57

Management of the Fund (Unaudited) (continued)

| 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 Funds Fun Compl Overse Direc |
|-----------------------|--------------------------------------|--|---|--|
|-----------------------|--------------------------------------|--|---|--|

investment bank and has securities licenses in both the U.S. and Canada. Mr. Potter also has extensive securities underwriting experience in various capital markets with an emphasis on natural resources.

Mr. Potter is currently President of Ridgewood Group International Ltd.,

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an international consulting and merchant banking company, and President of Ridgewood Capital Funding, Inc., a private placement securities firm.

Peter D. Sacks
445 King Street West,
4th Floor
Toronto, Ontario M5V 1K4
Canada

Class II
Director

Term expires
2005; Director
since 1993

Mr. Sacks is currently Managing Partner of Toron Capital Markets, Inc., a company he established in 1988 to design and manage customized equity, fixed income and currency portfolios for individual and corporate clients. Mr. Sacks serves on the Boards of Directors of Toron Capital Markets, Inc. (portfolio management), Toron Capital Management, Ltd. and Toron Asset Management, Inc.

Age: 57

Dr. Anton E. Schrafl
Wiesenstrasse 7
8008 Zurich
Switzerland

Preferred
Stock
Director

Current term
expires 2003;
Director since
1998

Dr. Schrafl was Deputy Chairman of Holcim Limited, a global manufacturer and distributor of cement and allied products until May 2002. He currently serves as Chairman of the Board of Directors of Dynavest, AG, a corporation focusing on investments. Dr. Schrafl is also on the Board of Directors of Organogenesis, Inc., a medical products company involved in biotechnological tissue engineering, and Apogee Technology Inc., a manufacturer of digital amplifiers.

Age: 70

John T. Sheehy
560 Sylvan Avenue
Englewood Cliffs, NJ
07632

Preferred
Stock
Director

Current term
expires 2003;
Director since
1986

Mr. Sheehy has over 30 years' experience in investment banking with companies such as J.P. Morgan & Company and Bear, Stearns & Co. Inc. His specialty areas include securities valuation, public offerings

Age: 60

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Aberdeen Asia-Pacific Income Fund, Inc. 59

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Management of the Fund (Unaudited) (continued)

| 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 Managed Overseas |
|-----------------------|--------------------------------------|--|---|---|
|-----------------------|--------------------------------------|--|---|---|

and private placements of debt and equity securities, mergers and acquisitions and management buyout transactions. He has been Senior Managing Director of B.V. Murray and Company (investment banking) since 2001, and Managing Member of The Value Group LLC (private equity) since 1997.

* Aberdeen Australia Equity Fund, Inc. and Aberdeen Global Income Fund, Inc. have a common Investment Manager and Investment Adviser with the Fund, and may thus be deemed to be part of the same 'Fund Complex' as the Fund.

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 |
|-----------------------|--------------------------------------|---|---|
|-----------------------|--------------------------------------|---|---|

Hugh Young
21 Church Street
#01-01 Capital Square Two
Singapore 049480

Age: 44

President Since 2001

Managing Director of Aberdeen Asset Management PLC (parent company of the Fund's Investment Manager and Investment Adviser) (from 1991 to 2002); Managing Director of Aberdeen Asset Management Asia Limited (affiliate of the Fund's Investment Manager and Investment Adviser) (since 1992); Managing Director of Aberdeen International Fund Managers Limited (affiliate of the Fund's Investment Manager and Investment Adviser) (since 2000); Director of the

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| | | |
|--|---|---|
| <p>Michael Karagianis One Bow Churchyard London EC4M 9HH United Kingdom</p> <p>Age: 37</p> | <p>Vice President</p> <p>Since 2002</p> | <p>Investment Manager and the Investment Adviser (since 2001); Chairman of the Board of Directors of Aberdeen Australia Equity Fund, Inc.</p> <p>Vice President (since 2002) and Assistant Vice President (from 2001 to 2002) of the Fund; Director of Economics and Investment Strategy of the Fund's Investment Adviser (since 1999); Director of Portfolio</p> |
|--|---|---|

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Aberdeen Asia-Pacific Income Fund, Inc. 61

Management of the Fund (Unaudited) (continued)

| 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 |
|---|--|---|---|
| ----- | | | |
| <p>Christian Pittard P.O. Box 641 One Seaton Place St. Helier, Jersey JE4 8YJChannel Islands</p> <p>Age: 29</p> | <p>Treasurer and Assistant Secretary</p> | <p>Since 2001</p> | <p>Investment of County Investment Management (from 1995 to 1999).</p> <p>Managing Director of the Fund's Investment Manager (since 2001); Managing Director of Aberdeen Private Wealth Management (affiliate of the Fund's Investment Manager and Investment Adviser); Chartered Accountant, KPMG (from 1994 to 1998) and Quorum Trust Group (1998).</p> |
| <p>Roy M. Randall Level 40, Chifley Tower Two Chifley Square Sydney, NSW 2000 Australia</p> <p>Age: 66</p> | <p>Secretary</p> | <p>Since 1986</p> | <p>Partner of Stikeman, Elliott, Australian counsel to the Fund.</p> |

* The named officer holds the same position(s) with Aberdeen Australia Equity Fund, Inc. and Aberdeen Global Income Fund, Inc., both of which may be deemed to be part of the same 'Fund Complex' as the Fund.

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** Officers hold their positions with the Fund until a successor has been duly elected and qualified. Officers are generally elected annually at the meeting of the Board of Directors next following the annual meeting of stockholders. The officers were last elected on June 19, 2002.

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Aberdeen Asia-Pacific Income Fund, Inc. 63

Directors

Martin J. Gilbert, Chairman
Anthony E. Aaronson
David L. Elsum
Beverley Hendry
Howard A. Knight
P. Gerald Malone
Neville J. Miles
Peter J. O'Connell
William J. Potter
Peter D. Sacks
Anton E. Schrafl
John T. Sheehy
Brian M. Sherman

Officers

Hugh Young, President
Michael Karagianis, Vice President
Christian Pittard, Treasurer and
Assistant Secretary
Roy M. Randall, Secretary
James Blair, Assistant Vice President
Beverley Hendry, Assistant Treasurer
Timothy Sullivan, Assistant Treasurer
Simon Bignell, Assistant Treasurer
Jack R. Benintende, Assistant Treasurer
Allan S. Mostoff, Assistant Secretary
Margaret A. Bancroft, Assistant Secretary
Sander M. Bieber, Assistant Secretary

This report, including the Financial Statements herein, is transmitted to the shareholders of Aberdeen Asia-Pacific Income 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.

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.

Aberdeen Asia-Pacific Income Fund, Inc.

Corporate Information

| | |
|--------------------|---|
| Investment Manager | Aberdeen Asset Managers (C.I.) Limited P.O. Box 578, 17 Bond Street St. Helier, Jersey JE45XB Channel Islands |
| Investment Advisor | Aberdeen Asset Management Limited Level 6, 201 Kent Street Sydney, NSW 2000, Australia |
| Administrator | Prudential Investments LLC |

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One Heritage Drive
North Quincy, MA 02171

Transfer Agent EquiServe Trust Company, N.A.
P.O. Box 43011
Providence, RI 02940-3011

Auction Agent Deutsche Bank
Four Albany Street
New York, NY 10006

Independent Accountants PricewaterhouseCoopers LLP
1177 Avenue of the Americas
New York, NY 10036

Legal Counsel Dechert
1775 Eye Street, N.W.
Washington, DC 20006

Stikeman Elliott
Level 40, Chifley Tower
Two Chifley Square
Sydney, NSW 2000, Australia

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or e-mail us at:
InvestorRelations@aberdeen-asset.com

(LOGO)
Aberdeen
ASSET MANAGERS

Aberdeen Asset Managers (C.I.) Limited

The common shares of Aberdeen Asia-Pacific Income Fund, Inc. are traded on the American Stock Exchange and on the Pacific Stock Exchange under the symbol "FAX". Information about the Fund's net asset value and market price is published weekly in Barron's and in the Monday edition of The Wall Street Journal.

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