

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](mailto:InvestorRelations@aberdeen-asset.com), or
- visiting the website at [www.aberdeen-asset.us](http://www.aberdeen-asset.us).

For information about the Aberdeen Group, visit the Aberdeen Website at [www.aberdeen-asset.com](http://www.aberdeen-asset.com).

Sincerely,

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Martin Gilbert  
Chairman

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

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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.

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### 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
<b>Australia</b>			
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
<b>New Zealand</b>			
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
<b>South Korea</b>			
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
<b>Thailand</b>			
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)

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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20,000            10.00%,    1/15/03            11,215,801  
-----

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

Portfolio of Investments (continued)  
October 31, 2002

Principal  
Amount

Local Currency** (000)	Description	Value (US\$)
------------------------------	-------------	-----------------

-----

A\$

Victoria--1.6%

	Treasury Corporation of Victoria	
36,000	12.50%,    10/15/03	\$    21,404,675

-----

	Total Australian government and semi-government (cost \$77,609,140)	62,891,684
--	--	------------

-----

Eurobonds--1.9%

Banking and Finance--1.9%

	GE Capital Australia Limited	
45,000	6.25%,    8/15/03	25,179,306

-----

Corporate Bonds--0.1%

Services--0.1%

	Telstra Corporation	
2,000	7.80%,    7/17/03	1,130,749

-----

Demand Deposits--1.6%

	Banque National de Paris Demand Deposit	
39,712	4.50%,    11/1/02	22,041,200

-----

	Total Australian short-term investments (cost \$124,827,420)	111,242,939
--	--	-------------

-----

KOREA--4.1%

Government Bonds--4.1%

KRW

	Korea Deposit Insurance Fund Bond	
10,000,000	9.99%,    10/23/03	8,994,132
	Korea Monetary Stabilization Bond	
10,000,000	Zero Coupon, 7/31/03	7,909,977
	Korea Treasury Bonds	
10,000,000	7.10%,    11/10/02	8,212,590
10,000,000	5.88%,    7/6/03	8,255,495
10,000,000	7.70%,    8/16/03	8,374,498
10,000,000	5.07%,    10/8/03	8,210,357

USD

	South Korea National Debt - Embarc (a)	
5,500	7.70%,    8/18/03	4,759,446

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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

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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.

Aberdeen Asia-Pacific Income Fund, Inc. 31

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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.

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### 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	(.63)
(.11)	(.13)	(.10)	(.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
-----	-----	-----
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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	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
May 29, 1996	568,703	Shares issued through dividend reinvestment program
Quarter ended October 1997	38,911,951	Rights offering of common stock at \$8.03 per share
November 2, 1998	184,572	Shares issued through dividend reinvestment program
Quarter ended July 2001	71,991,921	Rights offering of common stock at \$5.30 per share
Quarter ended October 2001	641,051	Shares issued through dividend reinvestment program
Quarter ended January 2002	(590,700)	Buy back of common stock
Quarter ended April 2002	(5,000)	Buy back of common stock
Quarter ended July 2002	(1,562,200)	Buy back of common stock
Quarter ended October 2002	(520,700)	Buy back of common stock
Quarter ended January 2003	(44,700)	Buy back of common stock

44 Aberdeen Asia-Pacific Income Fund, Inc.

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.

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### 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
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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).

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 \* 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 of Funds Overseen
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
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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
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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

58 Aberdeen Asia-Pacific Income Fund, Inc.

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 Funds Fun Compl Overse Direc
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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
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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
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<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>

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\* 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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Gateway Center Three  
100 Mulberry Street  
Newark, NJ 07102-4077

Custodian State Street Bank and Trust Company  
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

Investor Relations Aberdeen Asset Management  
45 Broadway, 31st Floor  
New York, NY 10006  
(800) 522-5465 or (212) 968-8800  
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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