

ABERDEEN ASIA-PACIFIC INCOME FUND INC
Form N-CSR
January 03, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

Investment Company Act file number:	811-04611
Exact name of registrant as specified in charter:	Aberdeen Asia-Pacific Income Fund, Inc.
Address of principal executive offices:	800 Scudders Mill Road, Plainsboro, New Jersey 08536
Name and address of agent for service:	Mr. Christian Pittard Aberdeen Asset Management Inc. 1735 Market Street 37 th Floor Philadelphia, PA 19103
Registrant's telephone number, including area code:	800-522-5465
Date of fiscal year end:	10/31/06
Date of reporting period:	10/31/06

Item 1 Reports to Stockholders

Invests primarily in Australian and Asian debt securities.

Annual Report

October 31, 2006

Letter to Shareholders

December 18, 2006

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, 2006. The Fund's investment objective is to seek current income. The Fund may also achieve incidental capital appreciation.

As used in this report, the term total investments does not include securities purchased with cash collateral received as a result of securities on loan.

Net Asset Value Performance

The Fund's total return based on net asset value (NAV) was 9.5% over the year ended October 31, 2006 and 9.3% per annum since inception, assuming the reinvestment of distributions.

Share Price Performance

The Fund's share price increased by 5.9% over the year, from \$5.76 on October 31, 2005 to \$6.10 on October 31, 2006. The Fund's share price on October 31, 2006 represented a discount of 5.6% to the NAV per share of \$6.46 on that date, compared with a discount of 8.9% to the NAV per share of \$6.32 on October 31, 2005. At the date of this letter, the share price was \$6.25 representing a discount of 4.3% to the NAV per share of \$6.53.

Asia: 42.0% of Total Investments Invested in Asian Debt Securities

As of October 31, 2006, the Fund held 42.0% of its total investments in Asian debt securities (including New Zealand). Of the Fund's total investments, 27.9% were held in U.S. dollar denominated bonds issued by foreign issuers, bringing the Fund's total U.S. dollar exposure to 37.5%.

Credit Quality: 78.6% of Total Investments Rated or Deemed Equivalent to A or Better

The credit quality of the Fund's total investments has been maintained. As of October 31, 2006, 78.6% of the portfolio was invested in securities where either the issue or the issuer was rated A or better, or judged by Aberdeen Asset Management Asia Limited (the Investment Manager) to be of equivalent quality.

Distributions

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Distributions to common shareholders for the twelve months ended October 31, 2006 totaled 42 cents per share. Based on the share price of \$6.10 on October 31, 2006, the distribution rate over the twelve months then ended was 6.9%. 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 13, 2006, the Board of Directors authorized a monthly distribution of 3.5 cents per share, payable on January 12, 2007 to all shareholders of record as of December 29, 2006.

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 that the monthly distribution of 3.5 cents per share be maintained for twelve months, beginning with the July 2006 distribution payment. This policy is subject

Aberdeen Asia-Pacific Income Fund, Inc.

Letter to Shareholders (concluded)

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 2007.

Portfolio Holdings Disclosure

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information about the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Fund makes the information on Form N-Q available to shareholders on the Fund's website or upon request and without charge by calling Investor Relations toll-free at 1-800-522-5465.

Proxy Voting

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities, and information regarding how the Fund voted proxies relating to portfolio securities during the twelve months ended June 30, 2006, is available: (i) upon request and without charge by calling Investor Relations toll-free at 1-800-522-5465; and (ii) on the SEC's website at <http://www.sec.gov>.

Quarterly Reports to Shareholders

In 2004, in an effort to reduce Fund expenses, the Fund discontinued the printing and mailing of quarterly reports to shareholders for the three-month periods ending January 31 and July 31, and instead posted such reports on the Fund's website. The Board of Directors has determined that the Fund will no longer prepare formal quarterly reports for the periods ending January 31 and July 31, but, as noted above, shareholders will be able to obtain essential information about the Fund for such periods through the Fund's reports on Form N-Q, available on the Fund's website or upon request and without charge by calling Investor Relations toll-free at 1-800-522-5465. Semi-annual and annual reports to shareholders will continue to be prepared and mailed to shareholders.

Investor Relations Information

For information about the Fund, daily updates of share price, NAV and details of distributions, please contact Aberdeen Asset Management Inc. by:

calling toll free on 1-800-522-5465 in the United States,

emailing InvestorRelations@aberdeen-asset.com, or

visiting the website at www.aberdeenfx.com.

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

Yours sincerely,

Martin Gilbert

President

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

Aberdeen Asia-Pacific Income Fund, Inc.

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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 may be required to indicate the sources of certain distributions 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, 2006 were comprised of 87% net investment income and 13% return of paid-in-capital.

In January 2007, 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 for the 2006 calendar year.

Aberdeen Asia-Pacific Income Fund, Inc.

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 reinvest your distributions in shares of the Fund's common stock at favorable commission rates. Distributions made under the Plan are taxable 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 transaction, with a maximum of \$10,000 per month, and an aggregate annual limit of \$120,000. Under this arrangement, The Bank of New York (the Plan Agent) will purchase shares for you on the American Stock Exchange or otherwise on the open market on or before the investment date. The investment date is the 15th day of each month, but if such date is not a business day, the preceding business day.

As a participant in the Plan, you will benefit from:

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

Lower costs - shares are purchased on your behalf under the Plan at low 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 plan account statement of your holdings at the end of each month.

To request a brochure containing information on the Plan, together with an enrollment form, please contact the Plan Agent, The Bank of New York, Shareholder Relations Department, P.O. Box 11258, Church Street Station, New York, NY 10286 or call toll free on 1-800-432-8224.

Aberdeen Asia-Pacific Income Fund, Inc.

Report of the Investment Manager

Share Price Performance

On October 31, 2006, the Fund's share price was \$6.10, which represented a discount of 5.6% to the NAV per share of \$6.46. As of December 18, 2006, the share price was \$6.25, representing a discount of 4.3% to the NAV per share of \$6.53.

Auction Market Preferred Stock (AMPS)

The Fund's \$600 million of AMPS continued to be well bid at the regular auctions. The average interest rate paid was 4.683% over the year ended October 31, 2006, compared with an interest rate of 4.8234% for 30-day U.S. commercial paper over the same period. These rates were higher than for the preceding year. The key driver of the increase in the AMPS interest rates was a general rise in market interest rates following the U.S. Federal Reserve's tightening of monetary policy on six occasions by a cumulative 1.5% during the year ended October 31, 2006.

Over the year ended October 31, 2006, the impact of the AMPS on the net asset value attributable to common shareholders was positive. Bond movements made a negative contribution, as ongoing inflation concerns placed upward pressure on global bond yields. However, this negative effect was mitigated by the locking in of fixed rates on 80% of the AMPS, pursuant to the interest rate swap agreement referred to below, prior to the U.S. Federal Reserve commencing its current monetary policy tightening cycle. The Fund's locking in of fixed rates on a portion of the AMPS has meant that the differential between the AMPS funding rates and the yields at which the Fund invests remained positive despite the rise in U.S. short term interest rates. Currency movements also made a positive contribution as the Australian dollar and most Asian currencies posted strong gains over the year.

These factors, in combination, produced a gain of 1.6% due to AMPS over the year ended October 31, 2006.

The Fund has entered into an interest rate swap agreement, based on an initial aggregate notional amount of \$480,000,000, which represented 80% of the total AMPS outstanding. A portion of the interest rate swaps, with a nominal value of \$96 million, expired on October 31, 2006. Upon expiration, the unhedged portion of the AMPS increased from a nominal value of \$120 million to \$216 million, and the coverage of the interest rate swaps decreased from 80% to 64% of the outstanding AMPS. Under the terms of the agreement as currently in effect, the Fund receives a floating rate of interest (one month USD-LIBOR BBA rate) and pays fixed rates of interest for the terms and based upon the notional amounts set forth below:

Remaining Term as of October 31, 2006	Amount (in \$ Million)	Fixed Rate Payable (%)
48 months	96	4.055
24 months	144	3.540
12 months	144	3.160

Aberdeen Asia-Pacific Income Fund, Inc.

Report of the Investment Manager (continued)

A significant risk associated with interest rate swaps is the risk that the counterparty may default or file for bankruptcy, in which case the Fund would bear the risk of loss of the amount expected to be received under the swap agreement. There can be no assurance that the Fund will have an interest rate swap in place at any given time nor can there be any assurance that, if an interest rate swap is in place, it will be successful in hedging the Fund's interest rate risk with respect to the AMPS. The implementation of this strategy is at the discretion of the AMPS Hedging Committee of the Board of Directors.

PORTFOLIO COMPOSITION

Quality of Investments

As of October 31, 2006, 78.6% of the Fund's total investments 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, judged to be of equivalent quality by the Investment Manager. The table below shows the asset quality of the Fund's portfolio as of October 31, 2006, compared with the previous quarter and twelve months:

Date	AAA/Aaa %	AA/Aa %	A %	BBB/Baa %	BB/Ba* %	B* %
October 31, 2006	52.7	3.4	22.5	7.1	13.2	1.1
July 31, 2006	53.7	2.5	23.9	7.0	11.5	1.4
October 31, 2005	56.0	2.2	22.1	7.0	10.7	2.0

* Below investment grade

Geographic Composition

The table below shows the geographical composition (i.e., with U.S. dollar denominated bonds issued by foreign issuers allocated into country of issuance) of the Fund's total investments as of October 31, 2006, compared with the previous quarter and twelve months:

	Australia %	Asia (including NZ) %	United States %	Canada* %	Western Europe* %
October 31, 2006	48.2	42.0	9.4	0.0	0.4
July 31, 2006	49.6	42.4	6.3	0.0	1.7
October 31, 2005	46.8	41.5	6.4	0.4	4.9

* Denominated in A\$ and NZ\$

Aberdeen Asia-Pacific Income Fund, Inc.

Report of the Investment Manager (concluded)

Currency Composition

The table below shows the currency composition of the Fund's total investments as of October 31, 2006, compared with the previous quarter and twelve months:

Date	Australian Dollar %	Asian Currencies	
		(including NZ dollar) %	US Dollar* %
October 31, 2006	37.6	24.9	37.5
July 31, 2006	41.1	28.9	30.0
October 31, 2005	45.3	17.4	37.3

* Includes U.S. dollar denominated bonds issued by foreign issuers: 27.9% on October 31, 2006, 27.7% on July 31, 2006, 27.4% on October 31, 2005.

Maturity Composition

As of October 31, 2006, the average maturity of the Fund's total investments was 7.2 years, compared with 7.4 years at October 31, 2005. The following table shows the maturity composition of the Fund's investments as of October 31, 2006, 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, 2006	40.2	16.6	28.2	15.0
July 31, 2006	30.7	25.5	28.7	15.1
October 31, 2005	31.4	19.1	36.2	13.3

Aberdeen Asia-Pacific Income Fund, Inc.

Summary of Key Rates

The following table summarizes the movements of key interest rates and currencies from the previous quarter and twelve month period.

	October 31, 2006	July 31, 2006	October 31, 2005
Australia			
90 day bank bills	6.38%	6.21%	5.65%
10 year bonds	5.66%	5.84%	5.48%
Australian Dollar	\$ 0.77	\$ 0.77	\$ 0.75
Malaysia			
90 day T-bills	3.55%	3.55%	2.82%
10 year bonds	3.98%	4.81%	4.18%
Malaysian Ringgit*	₹ 3.65	₹ 3.66	₹ 3.78
New Zealand			
90 day bank bills	7.59%	7.51%	7.39%
10 year bonds	5.75%	5.85%	5.95%
New Zealand Dollar	\$ 0.67	\$ 0.62	\$ 0.70
Philippines			
90 day T-bills	5.73%	6.33%	6.16%
10 year bonds	7.61%	9.89%	11.71%
Philippines Peso*	(Peso) 49.84	(Peso) 51.47	(Peso) 54.89
Singapore			
90 day T-bills	3.35%	2.91%	2.33%
10 year bonds	3.19%	3.51%	3.03%
Singapore Dollar*	S\$ 1.56	S\$ 1.58	S\$ 1.70
South Korea			
90 day T-bills	4.57%	4.54%	3.72%
10 year bonds	4.91%	5.05%	5.49%
South Korean Won*	(Won) 942.20	(Won) 955.70	(Won) 1040.20
Thailand			
90 day deposits	3.25%	3.25%	1.75%
10 year bonds	5.16%	5.49%	6.51%
Thai Baht*	฿ 36.72	฿ 37.84	฿ 40.80
US\$ Bonds**			
Hong Kong	5.18%	5.45%	4.95%
Malaysia	5.24%	5.57%	4.95%
Philippines	5.46%	6.05%	5.70%
South Korea	4.96%	5.20%	4.34%

* 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 Management Asia Limited

December 2006

Aberdeen Asia-Pacific Income Fund, Inc.

Portfolio of Investments

As of October 31, 2006

Principal Amount (000)	Description	Moody's Rating (unaudited)	S&P Rating (unaudited)	Value (US\$)
LONG-TERM INVESTMENTS 121.3%				
AUSTRALIA 54.8%				
AUD 2,500	Airservices Australia, 6.50%, 11/15/06	NR	AAA	\$ 1,934,542
AUD 10,000	ANZ Banking Corporation, 6.75%, 3/22/07(a)	A1	A+	7,755,517
AUD 6,500	6.50%, 5/21/09(a)	A1	A+	5,010,856
AUD 7,500	6.00%, 8/17/10(a)	A1	A+	5,680,706
AUD 12,000	6.25%, 5/23/11(a)	A1	A+	9,114,684
AUD 22,000	Australia Postal Corporation, 6.00%, 3/25/09	NR	AAA	16,860,396
AUD 12,000	BHP Finance Limited, 6.25%, 8/15/08	A1	A+	9,228,060
AUD 3,000	CFS Gandel Retail Trust, 6.25%, 12/22/14	NR	A	2,241,550
AUD 40,000	Commonwealth of Australia, 8.75%, 8/15/08	Aaa	AAA	32,299,077
AUD 158,000	7.50%, 9/15/09	Aaa	AAA	126,902,155
AUD 61,500	6.50%, 5/15/13(b)	Aaa	AAA	49,404,739
AUD 25,000	6.25%, 4/15/15	Aaa	AAA	20,037,106
AUD 41,650	6.00%, 2/15/17	Aaa	AAA	33,059,671
AUD 1,000	Commonwealth Bank of Australia, 6.65%, 2/24/07(a)	Aa3	AA-	703,971
AUD 20,000	6.75%, 12/1/07	Aaa	AAA	15,530,118
AUD 35,200	6.25%, 9/1/09	Aaa	AAA	27,198,363
AUD 5,500	FGL Finance Australia, 6.25%, 3/17/10	Baa2	BBB	4,177,074
AUD 10,000	GE Capital Australia Funding Pty, 6.75%, 9/15/07	Aaa	AAA	7,743,097
AUD 9,500	5.75%, 2/11/10	Aaa	AAA	7,168,918
AUD 27,700	6.00%, 8/17/12	Aaa	AAA	20,865,244
AUD 6,500	6.00%, 5/15/13	Aaa	AAA	4,903,399
AUD 4,000	General Property Trust Management, 6.50%, 8/22/13	NR	BBB+	3,014,356
NZD 2,000	HBOS Treasury Services plc, 7.555%, 2/3/09(a)	NR	AA	1,338,190
AUD 10,000	HSBC Finance Corp., 6.50%, 9/22/11	Aa3	AA-	7,672,832
AUD 4,500	ING Office Finance, 6.25%, 8/19/08	NR	NR	3,477,729
AUD 1,500	Macquarie Bank Limited, 6.50%, 9/15/09(a)	A3	A-	1,153,390
AUD 7,000	6.50%, 5/31/12(a)	A3	A-	5,343,984
AUD 4,500	Melbourne Airport, 6.75%, 6/15/08	Aaa	AAA	3,486,246
NZD 4,000	National Australia Bank, 7.815%, 7/18/08(a)	Aa3	AA-	2,677,665
	National Capital Trust,			