

ABERDEEN ASIA PACIFIC INCOME FUND INC

Form N-30D

July 12, 2002

(GRAPHIC)

Invests primarily in Australian and Asian debt securities.

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

Semi-Annual Report

April 30, 2002

Letter to Shareholders

June 21, 2002

Dear Shareholder,

We present this Semi-Annual Report which covers the activities of Aberdeen Asia-Pacific Income Fund, Inc. (the "Fund") for the six months ended April 30, 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 the Investment Manager, Aberdeen Asset Managers (C.I.) Limited.

Net Asset Value Performance

The Fund's net asset value ("NAV") return was 8.4% for the six months ended April 30, 2002, and 7.8% per annum since inception, assuming reinvestment of distributions.

Share Price Performance

The fund's share price rose 10.7% over the six months, from \$4.02 on October 31, 2001 to \$4.45 on April 30, 2002. The Fund's share price on April 30, 2002 represented a discount to NAV of 6.7%. This represents a narrowing of the discount to NAV of 13.5% on October 31, 2001.

Asia: 40.2% of Total Assets invested in Asian Debt Securities

As of April 30, 2002, the Fund held 40.2% of its total assets in Asian debt securities. Of the Fund's total assets, 25.9% were held in Asian Yankee bonds, bringing the Fund's total US dollar exposure to 27.0%.

Credit Quality: 73.2% of Total Assets Rated or Deemed Equivalent to A or Better

The Fund's total investments have maintained a high credit quality. As of April 30, 2002, 73.2% 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

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months ended April 30, 2002 totaled 50 cents per share. Based on the share price of \$4.45 on April 30, 2002, the cash distribution rate over the 12 months then ended was 11.2%. Since all

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distributions are paid after deducting applicable withholding taxes, the effective distribution rate may be higher for those US investors who are able to claim a tax credit. On June 19, 2002, the Board of Directors declared a monthly distribution of 3.5 cents per share payable on July 12, 2002 to all shareholders of record as of June 28, 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 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 September 2002.

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, 2,678,600 shares have been repurchased and cancelled.

Shareholders Elect Class II Directors and Directors to Represent Holders of Preferred Stock

At the Annual Meeting of Shareholders, Mr. Howard A. Knight, Mr. P. Gerald Malone, Mr. Peter D. Sacks and Mr. Brian M. Sherman were elected by the holders of the Fund's common stock as Class II Directors to serve for a three-year term expiring at the 2005 Annual Meeting of Shareholders. Dr. Anton E. Schrafl and Mr. John T. Sheehy were elected by the holders of the Fund's preferred stock for a one-year term expiring at the 2003 Annual Meeting of Shareholders.

Fund Investment Policy

The Securities and Exchange Commission has adopted a rule under the Investment Company Act of 1940 regarding fund names. This rule requires funds with names suggesting an investment focus to adopt a policy to invest at

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least 80% of the fund's

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assets in investments suggested by its name. In order to comply with this rule, the Directors of the Fund adopted the following investment policy, at the June 19, 2002 meeting:

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.

This policy is consistent with the investment policies of the Fund set forth in the Fund's prospectus, as further amended by shareholders at the Annual Meetings of Shareholders in 1998 and 2001.

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,

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

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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.

The Fund estimates that distributions for the fiscal year commencing November 1, 2001, including the distribution paid on June 7, 2002 are comprised of 21% net investment income and 79% return of paid-in capital.

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 on fluctuations in the value of the currencies in which Fund assets are denominated.

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, 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;

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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, State Street Bank & Trust Company, P.O. Box 8200, Boston, MA 02266-8200 or toll free on 1-800-451-6788.

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### Report of the Investment Manager

#### Share Price Performance

On April 30, 2002, the Fund's share price was \$4.45, which represented a discount of 6.7% to the NAV of \$4.77. At the date of this report, the share price was \$4.84 representing a discount of 5.8% to the NAV of \$5.14.

#### 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. Further, with the expectation of an improving global economy in mid to late 2002, the Investment Manager anticipates improvement in the value of non-U.S. dollar currencies. Together, these factors may enhance the Fund's net investment income and ability to realize capital gains. However, there can be no assurance that the 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 2.09% over the six months ended April 30, 2002, compared with an interest rate of 1.83% for 30-day US commercial paper over the same period. These rates have decreased over the period, due to the lowering of interest rates by the U.S. Federal Reserve in the fourth quarter of 2001. The rates paid to preferred shareholders have decreased further since April 30, 2002 to a level of 2.05% as of the date of this report.

Overall, the Fund's shareholders have enjoyed

long-term benefits from leverage to date in the form of an enhanced total return. In the past six months, the impact of AMPS has been positive, largely as a result of the recovery in the Australian dollar and an end to the unilateral strength of the U.S. dollar. In addition, U.S. interest rates and short term rates have remained at historically low levels during the period, opening up a positive yield differential between AMPS funding rates and investment yields. Offsetting these impacts to some extent have been capital losses as bond yields have risen in line with signs of global recovery. Overall, the outlook over the medium-term for investment markets and the portfolio in respect of these factors is

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