

ABERDEEN ASIA-PACIFIC INCOME FUND INC  
Form N-CSR  
January 04, 2005

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM N-CSR**

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**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 Beverly Hendry, 300 S.E. 2 <sup>nd</sup> Street, Suite #820, Fort Lauderdale, Florida 33301
Registrant's telephone number, including area code:	212-968-8800
Date of fiscal year end:	10/31/04
Date of reporting period:	10/31/04

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Item 1 Reports to Stockholders [ INSERT REPORT ]

Annual Report

**October 31, 2004**

## Letter to Shareholders

December 20, 2004

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, 2004. 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.

### **Change of Fund Address**

On November 1, 2004, the Fund's address was changed to 800 Scudders Mill Road, Plainsboro, New Jersey 08536.

### **New Fund Administrator**

Effective November 1, 2004, Aberdeen Asset Management Inc. became the Fund's administrator.

### **Net Asset Value Performance**

The Fund's net asset value (NAV) return was 12.7% for the year ended October 31, 2004 and 9.6% per annum since inception, assuming reinvestment of distributions.

### **Share Price Performance**

The Fund's share price rose 5.1% over the year, from \$6.03 on October 31, 2003 to \$6.34 on October 31, 2004. The Fund's share price on October 31, 2004 represented a discount of 1.2% to the NAV per share of \$6.42, compared with a discount of 1.1% to the NAV per share of \$6.10 on October 31, 2003. At the date of this letter, the share price was \$6.54, representing a discount of 1.7% to the NAV per share of \$6.65.

### **Asia: 39.4% of Total Investments Invested in Asian Debt Securities**

As of October 31, 2004, the Fund held 39.4% of its total investments in Asian debt securities (excluding New Zealand). Of the Fund's total investments, 26.8% were held in Asian Yankee bonds, bringing the Fund's total U.S. dollar exposure to 30.6%.

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**Credit Quality: 79.1% 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, 2004, 79.1% 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.

Aberdeen Asia-Pacific Income Fund, Inc.

## Letter to Shareholders (continued)

### Distributions

Distributions to common shareholders for the 12 months ended October 31, 2004 totaled 42 cents per share. Based on the share price of \$6.34 on October 31, 2004, the distribution rate over the 12 months then ended was 6.6%. 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 20, 2004 the Board of Directors declared a monthly distribution of 3.5 cents per share, payable on January 14, 2005 to all shareholders of record as of December 31, 2004.

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, beginning with the July 2004 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 2005.

### Limitations on Investments in Investment Company Securities

In March 2004, the Board of Directors approved the modification of the Fund's investment policies to provide that the Fund may invest in securities issued by investment companies registered as such under the Investment Company Act of 1940 ( 1940 Act ) and unregistered, private funds (each, an acquired company ), subject to the following limitations (which are to be applied immediately after the acquisition of such securities).

The Fund may not acquire securities issued by an acquired company:

(i) if the value of such securities exceeds 3% of the total outstanding voting stock of the acquired company;

(ii) if the aggregate value of such securities would exceed 5% of the value of the total assets of the Fund; or

(iii) if the aggregate value of such securities, together with all other acquired company securities in the Fund's portfolio, would exceed 10% of the value of the total assets of the Fund.

### 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, DC. Information about the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Fund's schedule of portfolio holdings are part of the Fund's quarterly reports to shareholders, which are available on the Fund's website or upon request and without charge by calling Investor Relations toll-free at 1-800-522-5465.

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Aberdeen Asia-Pacific Income Fund, Inc.

## Letter to Shareholders (continued)

### 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, 2004 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>.

For information about the Fund, including a market review and outlook, weekly updates of share price, NAV and details of distributions, please contact Aberdeen Asset Management Inc. by:

calling toll free on 1-800-522-5465 or 1-954-767-9900 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 and President

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

Aberdeen Asia-Pacific Income Fund, Inc.



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, 2004 were comprised of 89% net investment income and 11% return of paid-in capital.

In January 2005, 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 2004 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, with a maximum of \$10,000 per month, with an aggregate annual limit of \$120,000. Under this arrangement, the Plan Agent will purchase shares for you on the American or Pacific Stock Exchanges or otherwise on the open market on or before the 15th day of each month.

Effective July 26, 2004, The Bank of New York became the Plan Agent, replacing EquiServe Trust Company, N.A. as Plan Agent. As a result of this transfer of services, certain fees associated with the Plan may have changed. Fees payable by plan participants are more fully described under the heading Other Information (Unaudited) following the notes to the financial statements included in this report.

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 plan account statement of your holdings at the end of each distribution period.

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, 2004 the Fund's share price was \$6.34, which represented a discount of 1.2% to the NAV per share of \$6.42. As of December 20, 2004, the share price was \$6.54, representing a discount of 1.7% to the NAV per share of \$6.65.

### Auction Market Preferred Stock (AMPS)

The Fund's \$600 million of AMPS continued to be well bid at the weekly auctions. The average interest rate paid was 1.814% over the quarter ended October 31, 2004, compared with an interest rate of 1.658% for 30-day U.S. commercial paper over the same period. These rates were slightly higher than for the preceding quarter. The key driver of the increase in the AMPS interest rates since the quarter ended July 31, 2004 was a general rise in market interest rates in response to the U.S. Federal Reserve's three tightenings of monetary policy on August 10, 2004, September 21, 2004 and November 10, 2004, by a cumulative 0.75%. The rates paid to preferred shareholders have increased further since October 31, 2004 to a level of 2.60% as of December 20, 2004.

Over the past year, the impact of the AMPS on the net asset value attributable to common shareholders has been positive, as the key currency of the Fund—the Australian dollar—while no longer at the highs reached earlier in 2004, still strengthened overall against the U.S. dollar. The currency ended the quarter at U.S. 0.7484 cents. As at October 31, 2004, approximately 55% of the Fund's portfolio was invested in Australian dollar denominated securities. Over the 12 months ended October 31, 2004, two of the Fund's three main Asian currencies—the South Korean won and Singapore dollar—also strengthened against the U.S. dollar. The Thai baht, the Fund's other key Asian currency exposure, was unchanged over the period.

Despite the fact that U.S. short-term interest rates rose by 0.75% since the quarter ended July 31, 2004, the Fund's ability to lock in fixed rates for 80% of the outstanding AMPS pursuant to the interest swap agreement referred to below, has meant that the differential between the AMPS funding rates and the yields at which the Fund invests remains positive.

As previously reported to shareholders, the Fund entered into an interest rate swap agreement, based on an aggregate notional amount of \$480,000,000, which represents 80% of the total AMPS outstanding. Under the terms of the agreement, 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	Amount (in \$ Million)	Fixed Rate Payable (%)
4 years	144	3.54
3 years	144	3.16
2 years	96	2.69
1 year	96	2.1025

Aberdeen Asia-Pacific Income Fund, Inc.

## Report of the Investment Manager (continued)

A significant type of 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 Pricing Committee of the Board of Directors.

### PORTFOLIO COMPOSITION

#### Quality of Investments

As of October 31, 2004, 79.1% 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, 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, 2004, compared with the previous quarter and twelve months:

Date	AAA/Aaa %	AA/Aa %	A %	BBB/Baa %	BB/Ba* %	B* %
October 31, 2004	56.7	1.9	20.5	6.0	13.3	1.6
July 31, 2004	52.2	5.4	19.7	6.8	14.2	1.7
October 31, 2003	52.5	8.7	17.4	7.3	11.2	2.9

\* Below investment grade

Aberdeen Asia-Pacific Income Fund, Inc.

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## Report of the Investment Manager (continued)

### 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, 2004, compared with the previous quarter and twelve months:

<b>Date</b>	<b>Australia %</b>	<b>Asia (including NZ) %</b>	<b>United States %</b>
October 31, 2004	55.8	40.5	3.7
July 31, 2004	54.5	41.9	3.6
October 31, 2003	56.5	40.3	3.2

Aberdeen Asia-Pacific Income Fund, Inc.

## 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, 2004, compared with the previous quarter and twelve months:

<b>Date</b>	<b>Australian Dollar %</b>	<b>Asian Currencies (including NZ dollar) %</b>	<b>US Dollar* %</b>
October 31, 2004	55.7	13.7	30.6
July 31, 2004	54.4	14.0	31.6
October 31, 2003	56.5	12.9	30.6

\* Includes Asian Yankee Bonds: 26.8% on October 31, 2004, 27.9% on July 31, 2004, 27.4% on October 31, 2003.

### Maturity Composition

As of October 31, 2004, the average maturity of the Fund's assets was 7.7 years, compared with 7.6 years on October 31, 2003. The following table shows the maturity composition of the Fund's portfolio as of October 31, 2004, compared with the previous quarter and twelve months:

<b>Date</b>	<b>Under 3 Years %</b>	<b>3 to 5 Years %</b>	<b>5 to 10 Years %</b>	<b>10 Years &amp; Over %</b>
October 31, 2004	32.0	22.1	32.3	13.6
July 31, 2004	26.8	23.2	39.5	10.5
October 31, 2003	23.9	25.7	41.1	9.3

Aberdeen Asia-Pacific Income Fund, Inc.

## Report of the Investment Manager (concluded)

### Sectoral Composition

The following shows the sectoral composition of the portfolio as of October 31, 2004:

	Domestic Currency Bonds		U.S. Dollar Bonds	
	Australia %	Asia (Including New Zealand) %	Yankees %	United States Cash/ Bonds %
Sovereign/Government(1)	20.1	9.9	8.0	0.0
Quasi/Semi Government(2)	22.5	0.7	4.5	0.0
Structured Investment Vehicles	0.0	2.1	0.0	0.0
Cash/Equivalent(3)	0.0	0.0	0.0	3.7
Corporates	13.1	1.0	14.4	0.0

(1) Includes government guaranteed debt.

(2) Includes state government guaranteed banks.

(3) Includes cash held by the Fund's custodian and repurchase agreements.

Aberdeen Asia-Pacific Income Fund, Inc.

## Summary of Key Rates

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

	October 31, 2004	July 31, 2004	October 31, 2003
<b>Australia</b>			
90 day bank bills	5.44%	5.47%	5.03%
10 year bonds	5.39%	5.90%	5.76%
Australian Dollar	\$ 0.75	\$ 0.70	\$ 0.71
<b>New Zealand</b>			
90 day bank bills	6.79%	6.33%	5.23%
10 year bonds	6.03%	6.34%	6.17%
New Zealand Dollar	\$ 0.68	\$ 0.63	\$ 0.61
<b>South Korea</b>			
90 day T-bills	3.38%	3.83%	3.96%
10 year bonds	3.95%	4.69%	5.10%
South Korean Won*	(Won)1119.50	(Won)1169.50	(Won)1183.50
<b>Thailand</b>			
90 day deposits	1.00%	1.00%	1.00%
10 year bonds	4.77%	5.07%	4.22%
Thai Baht*	฿ 41.07	฿ 41.32	฿ 41.98
<b>Philippines</b>			
90 day T-bills	7.95%	7.31%	6.00%
10 year bonds	13.20%	12.34%	10.99%
Philippines Peso*	(Peso) 56.33	(Peso) 55.98	(Peso) 55.32
<b>Malaysia</b>			
90 day T-bills	2.18%	2.31%	2.73%
10 year bonds	4.93%	5.07%	4.43%
Malaysian Ringgit*	₹ 3.80	₹ 3.80	₹ 3.80
<b>Singapore</b>			
90 day T-bills	1.29%	0.91%	0.76%
10 year bonds	3.09%	3.53%	3.95%
Singapore Dollar*	S\$ 1.67	S\$ 1.72	S\$ 1.74
<b>US\$ Yankee Bonds**</b>			
South Korea	3.33%	4.10%	3.86%
Malaysia	3.87%	4.47%	4.15%
Philippines	6.03%	5.92%	6.49%
Hong Kong	3.83%	4.35%	3.93%

\* 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 2004**

Aberdeen Asia-Pacific Income Fund, Inc.





## Portfolio of Investments

October 31, 2004

Principal Amount Local Currency (000)*	Description	Moody s Rating (Unaudited)	S&P Rating (Unaudited)	Value (US\$)
<b>LONG-TERM INVESTMENTS 117.3%</b>				
<b>AUSTRALIA 67.2%</b>				
<b>Government 25.9%</b>				
<b>AUD</b>				
	Commonwealth of Australia			
5,000	10.00%, 2/15/06	Aaa	AAA	\$ 3,957,934
11,500	6.75%, 11/15/06(i)	Aaa	AAA	8,864,801
16,500	10.00%, 10/15/07	Aaa	AAA	13,940,301
40,000	8.75%, 8/15/08(i)	Aaa	AAA	33,397,800
173,000	7.50%, 9/15/09(i)	Aaa	AAA	141,422,200
85,000	5.75%, 6/15/11(i)	Aaa	AAA	64,973,562
139,000	6.50%, 5/15/13(i)	Aaa		111,877,216
28,000	6.25%, 4/15/15(i)	Aaa		22,327,167
52,000	6.00%, 2/15/17	Aaa		40,767,924
	Total Australian government (cost \$363,767,535)			<b>441,528,905</b>
<b>Quasi/Semi-Government 25.7%</b>				
	Australia Postal Corporation			
22,000	6.00%, 3/25/09		AAA	16,617,142
	Commonwealth Bank of Australia			
20,000	6.75%, 12/1/07	Aaa	AAA	15,508,337
25,200	6.25%, 9/1/09	Aaa	AAA	19,396,488
	New South Wales Treasury Corporation			
54,000	12.60%, 5/1/06			44,459,208
52,000	8.00%, 3/1/08	Aaa	AAA	41,888,588
26,000	7.00%, 12/1/10	Aaa	AAA	20,957,164
20,000	6.00%, 5/1/12		AAA	15,297,532
	Northern Territory Treasury			
10,000	5.75%, 9/14/07			7,510,693