

ABERDEEN COMMONWEALTH INCOME FUND INC  
Form N-30D  
June 27, 2002

[LOGO]  
Aberdeen  
Commonwealth Income  
Fund, Inc.

Semi-Annual Report

April 30, 2002

Letter to Shareholders

June 20, 2002

Dear Shareholder,

We present this Semi-Annual Report which covers the activities of Aberdeen Commonwealth Income Fund, Inc. (the "Fund") for the six months ended April 30, 2002. Included in this report is a review of the Australian, Canadian, New Zealand, United Kingdom 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.

Change of Name of Fund

Effective July 1, 2002, the new name of the Fund will be Aberdeen Global Income Fund, Inc. This change is being made in accordance with a rule adopted by the Securities and Exchange Commission 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 least 80% of the fund's assets in investments suggested by its name. Since the Fund's principal investment objective, investment policies and investment restrictions enable the Fund to invest in global debt securities as well as Commonwealth debt securities, the Board of Directors determined, at the June 19, 2002 Board meeting, that a change of the Fund's name would be appropriate.

Fund Investment Policy

In order to comply with the above-described rule adopted by the Securities and Exchange Commission, the Fund's directors adopted the following investment policy, at the June 19, 2002 Board meeting:

For as long as the name of the Fund remains Aberdeen Global 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 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 Meeting of Shareholders on March 26, 1999.

Aberdeen Commonwealth Income Fund, Inc. 1

Letter to Shareholders (continued)

## Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

High Credit Quality: 85.9% of Securities Rated or Deemed Equivalent to AA/Aa or Better

The Fund's high credit quality has been maintained. Over 85.9% of assets are rated AA/Aa or better, or are considered of equivalent quality by the Investment Manager. An additional 11.2% is held in A rated securities.

Distributions: 9.0% Annual Cash Distribution Rate

Distributions to common shareholders for the 12 months ended April 30, 2002 totaled 81.0 cents per share. Based on the share price of \$8.88 on April 30, 2002, the cash distribution rate over the 12 months then ended was 9.1%. Since all 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 6.0 cents per share payable on July 12, 2002 to all shareholders of record as of June 28, 2002 (ex-dividend date of April 26, 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 6.0 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.

Net Asset Value Performance: 5.6% Per Annum Return Since Inception

The Fund's total return based on Net Asset Value ("NAV") increased by 1.6% over the six months ended April 30, 2002. Since inception, the Fund's total return based on NAV has increased by 5.6% per annum to April 30, 2002. The Fund's share price fell 1.3% over the six months, from \$9.00 on October 31, 2001 to \$8.88 on April 30, 2002. The Fund's share price on April 30, 2002 represented a discount of 8.3% to the NAV per share of \$9.69. This represents a narrowing of the discount to NAV of 9.9% on October 31, 2001.

Implementation of Global Investment Strategy

In March 1999, the Fund's shareholders approved amendments to the Fund's principal investment objective, investment policies and investment restrictions to enable the Fund to invest up to 35% of its total assets in Global Debt Securities. This strategy was proposed to be implemented in two phases. The first phase involved the immediate investment of up to 20% of the Fund's assets in Asian debt markets. On September 3, 2001, the

2 Aberdeen Commonwealth Income Fund, Inc.

Letter to Shareholders (concluded)

Board of Directors authorized the Investment Manager, in its discretion, to implement the second phase of the global investment strategy. This will now allow the Fund to invest up to 35% of its total assets in Global Debt Securities, with a view to enhancing yield.

Asian Investments: 6.3% of Total Assets Invested in Asian Debt Securities

## Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

As of April 30, 2002, 6.3% of the Fund's total assets were held in Asian debt securities, a sector that presents attractive opportunities. The Fund's ability to increase its investment in Asian markets remains constrained by the potential realization of foreign exchange losses.

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

At the Annual Meeting of Shareholders, Mr. David Lindsay Elsum, Mr. Laurence S. Freedman, Mr. E. Duff Scott and Sir David Rowe-Ham were elected by the holders of the Fund's common stock as Class I 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.

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

- o calling toll free on 1-800-522-5465 or 1-212-968-8800 in the United States,
- o emailing to [InvestorRelations@aberdeen-asset.com](mailto:InvestorRelations@aberdeen-asset.com), or
- o 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)

Yours sincerely,

/s/ Martin J. Gilbert

Martin J. Gilbert

Chairman

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

Aberdeen Commonwealth Income Fund, Inc. 3

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

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

Therefore the exact amount of distributable income for each fiscal year can only be determined as at 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 16% net investment income

## Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

and 84% 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 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.

4 Aberdeen Commonwealth 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 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;

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 or call toll free on 1-800-426-5523.

Aberdeen Commonwealth Income Fund, Inc. 5

### Report of the Investment Manager

#### Share Price Performance

On April 30, 2002, the Fund's share price was \$8.88, which represented a discount of 8.3% to the NAV of \$9.69. At the date of this report, the share price was \$9.90 representing a discount of 4.3% to the NAV of \$10.35.

#### Distributions

The Board reduced the Fund's monthly distribution from 7.0 cents per share to 6.0 cents per share beginning with the distribution paid on February 8, 2002. The Investment Manager continues its efforts to reallocate the portfolio toward higher yielding Global Debt Securities, in addition to fixed income securities denominated in the Commonwealth Currencies. Further, with the expectation for an

## Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

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. There can, however, be no assurance that the Investment Manager's expectations will be met.

### Auction Market Preferred Stock (AMPS)

The Fund's \$30 million of AMPS continued to be well bid at the weekly auctions. The average interest rate paid was 2.11% over the six months ended April 30, 2002, compared with 1.82% for 30-day U.S. 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.

On September 3, 2001 the Board of Directors resolved to amend the Fund's policies with respect to derivatives to enable the Investment Manager to use interest rate swaps to hedge up to one third of the Fund's AMPS liabilities. This gives the Investment Manager the flexibility to lock in historically low U.S. dollar interest rates with respect to up to one third of the Fund's outstanding AMPS.

A significant type of risk associated with interest rate swaps is the risk that the counter-party 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

6 Aberdeen Commonwealth Income Fund, Inc.

### Report of the Investment Manager (concluded)

hedging the Fund's interest rate risk with respect to the AMPS. The implementation of this strategy will be at the discretion of the Investment Manager.

Over the past year, the impact of AMPS has been positive, largely as a result of currency movements. The Australian dollar and most Asian currencies strengthened against the U.S. dollar over the period. Further, with U.S. interest rates at historic lows, the differential between the cost of AMPS and the rates at which the Fund invests remains positive. 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 considered by the Investment Manager to be favorable, and therefore AMPS are seen as having the potential to continue to enhance total shareholder returns in the medium term.

Aberdeen Commonwealth Income Fund, Inc. 7

### Portfolio Composition

#### Geographic Composition

The table below shows the geographic composition of the Fund's total investments as of April 30, 2002, compared with the previous six and twelve months.

Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

TABLE 1: ABERDEEN COMMONWEALTH INCOME FUND, INC. --

GEOGRAPHIC ASSET ALLOCATION

|                 | April 30, 2002<br>% | October 31, 2001<br>% | April 30, 2001<br>% |
|-----------------|---------------------|-----------------------|---------------------|
| Australia       | 23.3                | 24.2                  | 23.6                |
| Canada          | 21.5                | 31.2                  | 32.8                |
| New Zealand     | 10.4                | 3.8                   | 3.7                 |
| United Kingdom  | 30.4                | 31.3                  | 30.5                |
| United States*  | 7.4                 | 3.8                   | 3.8                 |
| Asia            | 7.0                 | 5.7                   | 5.6                 |
| Total Portfolio | 100.0               | 100.0                 | 100.0               |

\* It is a policy of the Investment Manager to maintain a portion of the Fund's investments in U.S. short-term securities to cover distributions and expenses.

Currency Composition

The table below shows the currency composition of the Fund's total investments as of April 30, 2002, compared with the previous six and twelve months.

TABLE 2: ABERDEEN COMMONWEALTH INCOME FUND, INC. --

CURRENCY ALLOCATION

|                       | April 30, 2002<br>% | October 31, 2001<br>% | April 30, 2001<br>% |
|-----------------------|---------------------|-----------------------|---------------------|
| Australian Dollar     | 23.2                | 24.2                  | 23.6                |
| Canadian Dollar       | 21.2                | 31.2                  | 32.8                |
| New Zealand Dollar    | 11.7                | 3.8                   | 3.7                 |
| British Pound         | 29.5                | 31.3                  | 30.5                |
| United States Dollar* | 8.1                 | 3.8                   | 3.8                 |
| Asia Currencies       | 6.3                 | 5.7                   | 5.6                 |
| Total Portfolio       | 100.0               | 100.0                 | 100.0               |

\* Includes Asian Yankee bond investments.

8 Aberdeen Commonwealth Income Fund, Inc.

Portfolio Composition (continued)

Maturity Composition

On April 30, 2002, the average maturity of the Fund's assets was 7.4 years, compared with 7.8 years on October 31, 2001. The Fund's modified duration was 4.7 years for the six months ended April 30, 2002, compared with 5.0 years on October 31, 2001. The table below shows the maturity composition of the Fund's investments as of April 30, 2002:

TABLE 3: ABERDEEN COMMONWEALTH INCOME FUND, INC. --

Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

MATURITY ANALYSIS

|                 | Less than 1 year<br>% | 1-5 years<br>% | 5-10 years<br>% | Over 10 years<br>% |
|-----------------|-----------------------|----------------|-----------------|--------------------|
| Australia       | 25.0                  | 25.1           | 37.4            | 12.5               |
| Canada          | 16.6                  | 8.7            | 17.7            | 57.0               |
| New Zealand     | 26.0                  | 57.6           | 16.4            | --                 |
| United Kingdom  | 18.2                  | 23.3           | 22.1            | 36.4               |
| United States   | 100.0                 | --             | --              | --                 |
| Asia            | 32.6                  | 48.5           | 16.5            | 2.4                |
| Total Portfolio | 27.2                  | 23.2           | 22.3            | 27.3               |

Sectoral Composition

The table below shows the sectoral composition of the Fund's total investments as of April 30, 2002:

TABLE 4: ABERDEEN COMMONWEALTH INCOME FUND, INC. --

SECTORAL COMPOSITION

|                 | Sovereign<br>Gov't.<br>Bonds<br>% | Provincial/<br>State<br>Bonds<br>% | Utilities/<br>Supranational<br>Bonds<br>% | Corporate<br>Bonds<br>% | Cash or<br>Equivalent<br>% |
|-----------------|-----------------------------------|------------------------------------|---|-------------------------|----------------------------|
| Australia       | 6.6                               | 9.0                                | 1.8                                       | 2.2                     | 3.7                        |
| Canada          | 12.7                              | 5.4                                | 0.3                                       | 0.5                     | 2.6                        |
| New Zealand     | --                                | --                                 | 0.8                                       | 6.5                     | 3.1                        |
| United Kingdom  | 20.3                              | --                                 | 2.0                                       | 5.3                     | 2.8                        |
| United States   | --                                | --                                 | --  | --                      | 7.4                        |
| Asia            | 4.1                               | 0.6                                | 0.2                                       | 0.3                     | 1.8                        |
| Total Portfolio | 43.7                              | 15.0                               | 5.1                                       | 14.8                    | 21.4                       |

Aberdeen Commonwealth Income Fund, Inc. 9

Portfolio Composition (concluded)

Quality of Investments

On April 30, 2002, 85.9% of the Fund's assets were invested in securities where either the issue or the issuer was rated at least "AA" by Standard & Poor's Corporation or "Aa" by Moody's Investors Service, Inc. or, if unrated, were judged to be of equivalent quality by the Investment Manager. The table below shows the asset quality of the Fund's portfolio as of April 30, 2002.

TABLE 5: ABERDEEN COMMONWEALTH INCOME FUND, INC. --

ASSET QUALITY

=====

Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

|                 | AAA/Aaa<br>% | AA/Aa<br>% | A<br>% | BBB/Baa<br>% | BB/Ba*<br>% |
|-----------------|--------------|------------|--------|--------------|-------------|
| Australia       | 73.9         | 25.7       | 0.4    | --           | --          |
| Canada          | 12.1         | 73.8       | 14.1   | --           | --          |
| New Zealand     | 65.7         | 9.1        | 25.2   | --           | --          |
| United Kingdom  | 67.7         | 20.7       | 11.6   | --           | --          |
| United States   | 100.0        | --         | --     | --           | --          |
| Asia            | 21.7         | --         | 31.7   | 42.6         | 4.0         |
| Total Portfolio | 56.0         | 29.9       | 11.2   | 2.6          | 0.3         |

\* Below investment grade.

10 Aberdeen Commonwealth Income Fund, Inc.

Market Review and Outlook

AUSTRALIA

The benchmark 10-year bond yield rose to 6.08% from 5.23% over the six months ended April 30, 2002. Bank bill yields also rose over the six months, closing at 4.63%. Recent data released has revealed a 1.3% increase in GDP in the fourth quarter of 2001, well above the market consensus expectation of a 0.8% rise. Importantly, a further run down in inventories throughout the period is expected to lead to further solid growth.

The very low level of interest rates means that housing finance for construction and building approvals could remain at relatively high levels for some time. The increased leverage of the household sector to any interest rate move is consistent with the Investment Manager's view that the monetary policy tightening cycle this year will not need to be an aggressive one. Financial conditions have already been tightened by a rising Australian dollar and fiscal policy is also set to be less expansionary in 2002.

The Australian dollar rose over the six months, closing at \$0.54.

CANADA

Canada's economy expanded 0.6% in January from December, the biggest one-month gain in almost two years, and the largest monthly increase since May 2000. Employment has continued on the strong side, with private sector jobs growth of over 150,000 in the year to March. Encouraging in the March report were further gains in manufacturing employment, with total year-to-date growth now at 100,000. As expected, the Bank of Canada eased monetary policy by a further 25 basis point in January, for a cumulative decline of 375 basis points over the twelve months ended January 23, 2002. This took the interest rate to a low of 2%. The Investment Manager anticipates a 25 basis point tightening in the June quarter and an interest rate of 3% by the year end.

The Canadian dollar rose over the six months, closing at \$0.64.

NEW ZEALAND

After a strong first half of 2001, growth in the NZ economy moderated in the second half, expanding by a smaller than expected 0.9%. First quarter 2002 data to date, however, suggests positive momentum has been maintained into the start of the new year, with dwelling consents, non-residential approvals, car registrations and business and consumer sentiment all higher. Despite global



## Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

uncertainty, the confidence of New Zealand's consumers has remained relatively robust, providing a solid base for retail spending in the near term. The aggressive global policy response to the September 2001 terrorist attacks is now suggesting a sharper rebound for the global economy in 2002 than previously

Aberdeen Commonwealth Income Fund, Inc. 11

### Market Review and Outlook (concluded)

expected, and this is providing support to currencies with relatively strong domestic economic fundamentals like the Australian and New Zealand dollars. Being a small, open economy, New Zealand will benefit from stronger global demand for its exports, particularly tourism.

The New Zealand dollar rose slightly over the six months, closing at \$0.45.

### UNITED KINGDOM

Over the six months UK data, outside manufacturing, continued to hold up well despite some moderating of consumer activity. House price inflation eased back very slightly in March but stayed well into double digits. UK inflation eased back in February, supporting the view expressed by some Bank of England officials that erratic items significantly contributed to January's high level. Domestic pressures generally remain benign. The recent average earnings figure showed wage growth down to an annual 2.7%, reflecting big cuts in bonuses by financial firms. The Investment Manager maintains a growth forecast for the UK in 2002 at 2.0%, in line with consensus. Given the improved world economic outlook growth of 2.7% in 2003 is expected, a little below the consensus level of 2.9%.

The pound rose over the six months, closing at \$1.46.

### ASIA

Domestic and Yankee (U.S.\$ denominated) bonds

Among domestic bond markets, the Philippines posted strong gains on the back of an accommodative monetary policy. South Korean bonds sold off on worries the Bank of Korea may begin to hike interest rates as inflationary pressures emerge. The yield curve in Thailand steepened as the market began to factor in large amounts of new issuance of longer-dated bonds. South Korea remained the Fund's favored market for investment.

Asian Yankees had a strong rally over the six months, with high-yield outperforming high-grade by a large margin, as investors continued to favor lower-rated credits in their quest for yield. Moody's upgraded South Korea's debt ratings by two notches, to A3.

### Currencies

The South Korean won depreciated against the U.S. dollar over the six months, while the Singapore dollar, Philippine peso and Thai baht remained broadly unchanged. The Malaysian ringgit remained pegged to the U.S. dollar. Strong gains in local currency terms of most Asian bond markets were, for the most part, neutralized by the relative strength of the Australian dollar, which appreciated against most Asian currencies.

12 Aberdeen Commonwealth Income Fund, Inc.

## Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

### Summary of Key Rates

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

|                     | April 30, 2002 | October 31, 2001 | April 30, 2001 |
|---------------------|----------------|------------------|----------------|
| Australia           |                |                  |                |
| 90 day bank bills   | 4.63%          | 4.29%            | 4.89%          |
| 10 year bonds       | 6.08%          | 5.23%            | 5.78%          |
| Australian Dollar   | \$ 0.54        | \$ 0.50          | \$ 0.51        |
| Canada              |                |                  |                |
| 90 day bank bills   | 2.40%          | 2.35%            | 4.44%          |
| 10 year bonds       | 5.62%          | 4.86%            | 5.79%          |
| Canadian Dollar     | \$ 0.64        | \$ 0.63          | \$ 0.65        |
| New Zealand         |                |                  |                |
| 90 day bank bills   | 5.73%          | 4.96%            | 5.84%          |
| 10 year bonds       | 6.72%          | 6.18%            | 6.59%          |
| NZ Dollar           | \$ 0.45        | \$ 0.41          | \$ 0.41        |
| United Kingdom      |                |                  |                |
| 90 day bank bills   | 4.05%          | 4.15%            | 5.58%          |
| 10 year bonds       | 5.19%          | 4.53%            | 5.12%          |
| British Pound       | \$ 1.46        | \$ 1.45          | \$ 1.43        |
| South Korea         |                |                  |                |
| 90 day T-bills      | 4.53%          | 4.37%            | 5.85%          |
| 10 year bonds       | 7.23%          | 6.85%            | 7.85%          |
| South Korean Won*   | (Won) 1294     | (Won) 1290       | (Won) 1315     |
| Thailand            |                |                  |                |
| 90 day deposits     | 2.00%          | 2.50%            | 2.50%          |
| 10 year bonds       | 5.62%          | 5.55%            | 5.05%          |
| Thai Baht*          | (THB) 43.3     | (THB) 44.7       | (THB) 45.6     |
| Philippines         |                |                  |                |
| 90 day T-bills      | 4.72%          | 11.07%           | 10.78%         |
| 10 year bonds       | 13.38%         | 17.80%           | 15.81%         |
| Philippines Peso*   | (PHP) 50.6     | (PHP) 52.0       | (PHP) 51.4     |
| Malaysia            |                |                  |                |
| 90 day T-bills      | 2.73%          | 2.73%            | 3.45%          |
| 10 year bonds       | 4.70%          | 3.30             | 4.50%          |
| Malaysian Ringgit*  | (MYR) 3.8      | (MYR) 3.8        | (MYR) 3.8      |
| Singapore           |                |                  |                |
| 90 day T-bills      | 0.78%          | 0.60%            | 4.44%          |
| 10 year bonds       | 3.91%          | 2.97%            | 4.14%          |
| Singapore Dollar*   | S\$ 1.81       | S\$ 1.82         | S\$ 1.82       |
| US\$ Yankee Bonds** |                |                  |                |
| South Korea         | 5.52%          | 5.54%            | 7.08%          |
| Malaysia            | 6.18%          | 6.57%            | 7.47%          |
| Philippines         | 7.79%          | 10.19%           | 10.58%         |

\* These currencies are quoted Asian currency per U.S. dollar. The Australian, Canadian and New Zealand dollars and the British pound are

Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

quoted U.S. dollars per currency.  
 \*\* Sovereign issues.

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

Aberdeen Commonwealth Income Fund, Inc. 13

Portfolio of Investments (unaudited)

As of April 30, 2002

Principal  
 Amount

| Local<br>Currency (a)<br>(000)  | Description  | Value<br>(US\$) |
|---------------------------------|--|-----------------|
| -----                           |  |                 |
| LONG-TERM INVESTMENTS -- 107.0% |  |                 |
| AUSTRALIA -- 26.6%              |  |                 |
| Government Bonds -- 7.9%        |  |                 |
| A\$                             |  |                 |
|                                 | Commonwealth of Australia,                             |                 |
| 3,000                           | 10.00%, 10/15/02 .....                                 | 1,650,634       |
| 2,000                           | 9.50%, 8/15/03 .....                                   | 1,132,994       |
| 1,000                           | 10.00%, 10/15/07 .....                                 | 640,812         |
| 500                             | 8.75%, 8/15/08 .....                                   | 307,762         |
| 2,500                           | 7.50%, 9/15/09 .....                                   | 1,458,050       |
| 1,500                           | 6.50%, 5/15/13 .....                                   | 823,937         |
|                                 | Federal National Mortgage<br>Association, Series EMTN, |                 |
| 2,000                           | 6.375%, 8/15/07 .....                                  | 1,083,009       |
|                                 |  | -----           |
|                                 | Total government bonds<br>(cost US\$8,211,062) .....   | 7,097,198       |
|                                 |  | -----           |
| Semi-Government Bonds -- 12.3%  |  |                 |
| New South Wales -- 3.6%         |  |                 |
|                                 | New South Wales Treasury Corporation,                  |                 |
| 1,500                           | 7.00%, 4/01/04 .....                                   | 828,087         |
| 4,200                           | 7.00%, 12/01/10 .....                                  | 2,347,420       |
|                                 |  | -----           |
|                                 |  | 3,175,507       |
|                                 |  | -----           |
| Queensland -- 4.4%              |  |                 |
|                                 | Queensland Treasury Corporation,                       |                 |
| 2,000                           | 8.00%, 5/14/03 (Global) .....                          | 1,106,112       |
| 1,000                           | 8.00%, 9/14/07 (Global) .....                          | 585,928         |
| 3,000                           | 6.00%, 6/14/11 .....                                   | 1,571,228       |
| 1,250                           | 6.00%, 6/14/21 .....                                   | 629,532         |
|                                 |  | -----           |
|                                 |  | 3,892,800       |
|                                 |  | -----           |
| Victoria -- 2.0%                |  |                 |
|                                 | State Electricity Commission of Victoria,              |                 |
| 535                             | 10.50%, 5/27/03 .....                                  | 303,059         |

Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

|                             |   |            |
|-----------------------------|---|------------|
|                             | Treasury Corporation of Victoria,           |            |
| 1,000                       | 9.00%, 6/27/05 .....                        | 583,202    |
| 1,500                       | 10.25%, 11/15/06 .....                      | 939,516    |
|                             |   | -----      |
|                             |   | 1,825,777  |
|                             |   | -----      |
| Western Australia -- 2.3%   |   |            |
| A\$                         |   |            |
|                             | Western Australia Treasury Corporation,     |            |
| 3,500                       | 8.00%, 6/15/13 .....                        | 2,097,785  |
|                             |   | -----      |
|                             | Total Australian semi-government bonds      |            |
|                             | (cost US\$11,942,572) .....                 | 10,991,869 |
|                             |   | -----      |
| Supranational -- 2.4%       |   |            |
|                             | Eurofima,                                   |            |
| 3,500                       | 9.875%, 1/17/07 .....                       | 2,172,296  |
|                             |   | -----      |
|                             | Total Australian dollar supranational bonds |            |
|                             | (cost US\$2,129,711) .....                  | 2,172,296  |
|                             |   | -----      |
| Utilities -- 1.2%           |   |            |
|                             | Telstra Corp.,                              |            |
| 2,000                       | 11.50%, 10/15/02 .....                      | 1,105,259  |
|                             |   | -----      |
|                             | Total Australian utility bonds              |            |
|                             | (cost US\$1,397,461) .....                  | 1,105,259  |
|                             |   | -----      |
| Corporate Non-Banks -- 2.8% |   |            |
|                             | Brisbane Airport Corporation, Ltd.,         |            |
| 4,000                       | 7.30%, 6/30/10 .....                        | 2,219,872  |
|                             | GE Capital Australia,                       |            |
| 600                         | 6.75%, 9/15/07 .....                        | 326,186    |
|                             |   | -----      |
|                             | Total Australian corporate non-bank bonds   |            |
|                             | (cost US\$2,501,827) .....                  | 2,546,058  |
|                             |   | -----      |
|                             | Total Australian long-term investments      |            |
|                             | (cost US\$26,182,633) .....                 | 23,912,680 |
|                             |   | -----      |

14 Aberdeen Commonwealth Income Fund, Inc.

Portfolio of Investments (unaudited) (continued)

As of April 30, 2002

Principal

Amount

Local

Currency (a)

(000)

Description

Value

(US\$)

-----

CANADA -- 25.2%

Government Bonds -- 16.8%

Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

|       |  |            |
|-------|--|------------|
| C\$   |  |            |
|       | Canadian Government,                     |            |
| 2,500 | 7.25%, 6/01/07 .....                     | 1,737,530  |
| 3,000 | 10.25%, 3/15/14 .....                    | 2,651,742  |
| 4,000 | 8.00%, 6/01/23 .....                     | 3,171,740  |
| 8,000 | 9.00%, 6/01/25 .....                     | 7,018,360  |
|       | Canada (Cayman),                         |            |
| 750   | 7.25%, 6/01/08 .....                     | 515,799    |
|       |  | -----      |
|       | Total Canadian government bonds          |            |
|       | (cost US\$16,354,692) .....              | 15,095,171 |
|       |  | -----      |
|       | Semi-Government Bonds -- 7.3%            |            |
|       | British Columbia -- 1.8%                 |            |
|       | Province of British Columbia,            |            |
| 2,000 | 9.50%, 1/09/12 .....                     | 1,605,160  |
|       |  | -----      |
|       | Ontario -- 1.2%                          |            |
|       | Ontario Hydro,                           |            |
| 500   | 8.50%, 5/26/25 .....                     | 400,182    |
|       | Province of Ontario,                     |            |
| 1,000 | 8.75%, 4/22/03 .....                     | 669,752    |
|       |  | -----      |
|       |  | 1,069,934  |
|       |  | -----      |
|       | Quebec -- 3.8%                           |            |
|       | Quebec Hydro,                            |            |
| 1,500 | 7.00%, 6/01/04 .....                     | 1,006,541  |
| 1,000 | 2.857%, 1/28/05 (b) .....                | 641,345    |
| 2,000 | 9.625%, 7/15/22 .....                    | 1,730,607  |
|       |  | -----      |
|       |  | 3,378,493  |
|       |  | -----      |
|       | Toronto -- 0.5%                          |            |
|       | Metropolitan Municipality of Toronto,    |            |
| 750   | 9.625%, 5/14/02 .....                    | 478,824    |
|       |  | -----      |
|       | Total Canadian semi-government bonds     |            |
|       | (cost US\$7,009,899) .....               | 6,532,411  |
|       |  | -----      |
|       | Utilities -- 0.4%                        |            |
| C\$   |  |            |
|       | Bell Telephone Company of Canada,        |            |
| 500   | 10.50%, 7/15/09 .....                    | 326,438    |
|       |  | -----      |
|       | Total Canadian utility bonds             |            |
|       | (cost US\$428,832) .....                 | 326,438    |
|       |  | -----      |
|       | Banking and Finance -- 0.7%              |            |
|       | Credit Local de France,                  |            |
| 1,000 | 6.75%, 3/21/06 .....                     | 667,479    |
|       |  | -----      |
|       | Total Canadian banking and finance bonds |            |
|       | (cost US\$710,755) .....                 | 667,479    |
|       |  | -----      |
|       | Total Canadian long-term investments     |            |
|       | (cost US\$24,504,178) .....              | 22,621,499 |

Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

|  |  |         |
|--|--|---------|
| MALAYSIA -- 0.9%                             |  |         |
| Semi-Government Bonds -- 0.9%                |  |         |
| MYR  |  |         |
| 3,100  | Danamodal Nasional Berhad,<br>0.00%, 10/21/03 .....              | 780,466 |
|  | Total Malaysia long-term investments<br>(cost US\$758,664) ..... | 780,466 |
| NEW ZEALAND -- 11.6%                         |  |         |
| Government Bonds -- 0.5%                     |  |         |
| NZ\$   |  |         |
| 1,000  | Canadian Government,<br>6.625%, 10/03/07 .....                   | 439,182 |
|  | Total New Zealand government bonds<br>(cost US\$553,653) .....   | 439,182 |
| Utilities -- 1.0%                            |  |         |
| Electricity Corporation of New Zealand Ltd., |  |         |
| 1,000  | 8.00%, 2/15/03 .....   | 453,519 |
| 1,000  | TCNZ Finance Limited,<br>9.25%, 7/01/02 .....                    | 449,401 |
|  | Total New Zealand utility bonds<br>(cost US\$1,150,172) .....    | 902,920 |

Aberdeen Commonwealth Income Fund, Inc. 15

Portfolio of Investments (unaudited) (continued)

As of April 30, 2002

| Principal<br>Amount<br>Local<br>Currency (a)<br>(000) | Description  | Value<br>(US\$) |
|---|--|-----------------|
| Banking and Finance -- 9.3%                           |  |                 |
| NZ\$  |  |                 |
| 2,000   | Bayerische Hypo- und Vereinsbank AG,<br>7.00%, 9/14/05 .....       | 892,279         |
| 3,500   | Commerzbank AG,<br>8.00%, 2/07/05 .....                            | 1,600,939       |
| 6,500   | Landesbank Baden-Wuerttemberg,<br>5.25%, 1/06/05 .....             | 2,800,021       |
| 4,000   | Landesbank Hessen-Thuringen Girozentrale,<br>7.00%, 12/17/07 ..... | 1,779,994       |
| 500   | Transpower Finance Ltd.,<br>8.00%, 6/15/05 .....                   | 230,020         |
| 2,500   | WestPac Trust Securities<br>6.00%, 4/28/04 .....                   | 1,102,528       |

Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

|                             |   |            |
|-----------------------------|---|------------|
|                             | Total New Zealand banking and finance bonds<br>(cost US\$8,271,258) .....     | 8,405,781  |
| -----                       |   |            |
| Corporate Non-Banks -- 0.8% |   |            |
|                             | Housing New Zealand,<br>1,500 8.00%, 11/15/06 .....                           | 696,663    |
| -----                       |   |            |
|                             | Total New Zealand corporate non-bank bonds<br>(cost US\$797,822) .....        | 696,663    |
| -----                       |   |            |
|                             | Total New Zealand long-term investments<br>(cost US\$10,772,905) .....        | 10,444,546 |
| -----                       |   |            |
| PHILIPPINES -- 0.2%         |   |            |
| Government Bonds -- 0.2%    |   |            |
| PHP                         |   |            |
|                             | Philippine Government,<br>7,000 16.50%, 2/25/09 .....                         | 165,081    |
| -----                       |   |            |
|                             | Total Philippine long-term investments<br>(cost US\$201,468) .....            | 165,081    |
| -----                       |   |            |
| SINGAPORE -- 0.7%           |   |            |
| Government bonds -- 0.5%    |   |            |
| SG\$                        |   |            |
|                             | Singapore Government,<br>100 3.00%, 11/01/02 .....                            | 55,729     |
|                             | 50 4.00%, 3/01/07 .....   | 28,893     |
|                             | 700 4.625%, 7/01/10 .....   | 408,641    |
| -----                       |   |            |
|                             | Total Singapore government bonds<br>(cost US\$502,841) .....                  | 493,263    |
| -----                       |   |            |
| Utilities -- 0.2%           |   |            |
|                             | Singapore Power,<br>250 4.60%, 9/21/07 .....                                  | 145,595    |
| -----                       |   |            |
|                             | Total Singapore corporate non-bank bonds<br>(cost US\$143,812) .....          | 145,595    |
| -----                       |   |            |
|                             | Total Singapore long-term investments<br>(cost US\$646,653) .....             | 638,858    |
| -----                       |   |            |
| SOUTH KOREA -- 4.1%         |   |            |
| Government Bonds -- 1.8%    |   |            |
| US\$                        |   |            |
|                             | EMBARC Ltd. Linked Note<br>Series 1-9,<br>2,000 5.523%, 8/18/03 (b) (c) ..... | 1,601,320  |
| -----                       |   |            |
| Government Banks -- 2.3%    |   |            |
|                             | EMBARC Ltd. Linked Note<br>Series 1-7,<br>2,600 4.953%, 6/28/02 (b) (d) ..... | 2,026,882  |
| -----                       |   |            |
|                             | Total Korean long-term investments  |            |

Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

|                                  |           |
|----------------------------------|-----------|
| (cost US\$4,404,297) .....       | 3,628,202 |
| -----                            |           |
| THAILAND -- 0.6%                 |           |
| Government Bonds -- 0.4%         |           |
| THB                              |           |
| Thailand Government,             |           |
| 550 8.25%, 10/14/03 (e) .....    | 13,788    |
| 12,000 8.00%, 12/08/06 (e) ..... | 328,890   |
| -----                            |           |
| Total Thailand government bonds  |           |
| (cost US\$342,477) .....         | 342,678   |
| -----                            |           |

16 Aberdeen Commonwealth Income Fund, Inc.

Portfolio of Investments (unaudited) (continued)

As of April 30, 2002

| Principal<br>Amount<br>Local<br>Currency (a)<br>(000)                  | Description              | Value<br>(US\$) |
|--|--------------------------|-----------------|
| -----  |                          |                 |
| Utilities -- 0.1%  |                          |                 |
| THB  |                          |                 |
| Eastern Water Resources Development and Management<br>Company Limited, |                          |                 |
| 5,000  | 9.00%, 7/22/04 (e) ..... | 128,563         |
|  |                          | -----           |
| Total Thailand utility bonds   |                          |                 |
| (cost US\$127,001) .....   |                          | 128,563         |
|  |                          | -----           |
| Corporate Non-Banks -- 0.1%  |                          |                 |
| Advanced Info Service Public Company Limited,                          |                          |                 |
| 2,600  | 6.50%, 3/20/03 (e) ..... | 61,996          |
|  |                          | -----           |
| Total Thailand corporate non-bank bonds                                |                          |                 |
| (cost US\$68,911) .....  |                          | 61,996          |
|  |                          | -----           |
| Total Thailand long-term investments                                   |                          |                 |
| (cost US\$538,389) .....   |                          | 533,237         |
|  |                          | -----           |

UNITED KINGDOM -- 36.1%

Government Bonds -- 27.7%

(pound)

|                          |                       |           |
|--------------------------|-----------------------|-----------|
| United Kingdom Treasury, |                       |           |
| 1,500                    | 8.00%, 6/10/03 .....  | 2,267,440 |
| 500                      | 5.00%, 6/07/04 .....  | 731,326   |
| 1,250                    | 8.50%, 12/07/05 ..... | 2,022,127 |
| 1,100                    | 7.50%, 12/07/06 ..... | 1,751,310 |
| 500                      | 5.75%, 12/07/09 ..... | 752,258   |
| 1,500                    | 8.00%, 9/27/13 .....  | 2,690,813 |
| 600                      | 8.00%, 12/07/15 ..... | 1,109,075 |
| 3,000                    | 8.00%, 6/07/21 .....  | 5,874,561 |
| 2,350                    | 6.00%, 12/07/28 ..... | 3,908,429 |



Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

|                             |  |            |
|-----------------------------|--|------------|
|                             | Republic of Finland,                           |            |
| 1,000                       | 8.00%, 4/07/03 .....                           | 1,495,904  |
| 1,250                       | 10.125%, 6/22/08 .....                         | 2,225,510  |
|                             |  | -----      |
|                             | Total United Kingdom government bonds          |            |
|                             | (cost US\$27,188,019) .....                    | 24,828,753 |
|                             |  | -----      |
| Utilities -- 2.6%           |  |            |
|                             | British Gas PLC,                               |            |
| 1,400                       | 8.875%, 7/08/08 .....                          | 2,335,501  |
|                             |  | -----      |
|                             | Total United Kingdom utility bonds             |            |
|                             | (cost US\$2,201,821) .....                     | 2,335,501  |
|                             |  | -----      |
| Banking and Finance -- 5.8% |  |            |
| (pound)                     |  |            |
|                             | Abbey National Treasury Services PLC,          |            |
| 1,250                       | 8.00%, 4/02/03 .....                           | 1,867,984  |
|                             | Barclays Bank PLC,                             |            |
| 1,000                       | 9.875%, 5/29/49 .....                          | 1,731,943  |
|                             | Lloyds Bank PLC,                               |            |
| 500                         | 7.375%, 3/11/04 .....                          | 752,838    |
|                             | Prudential Finance B.V.,                       |            |
| 500                         | 9.375%, 6/04/07 .....                          | 840,523    |
|                             |  | -----      |
|                             | Total United Kingdom banking and finance bonds |            |
|                             | (cost US\$5,046,140) .....                     | 5,193,288  |
|                             |  | -----      |
|                             | Total United Kingdom long-term investments     |            |
|                             | (cost US\$34,435,980) .....                    | 32,357,542 |
|                             |  | -----      |
| UNITED STATES -- 1.0%       |  |            |
| Yankee Bonds -- 1.0%        |  |            |
| US\$                        |  |            |
|                             | AES China Generating Company,                  |            |
| 100                         | 10.125%, 12/15/06 .....                        | 91,500     |
|                             | Cable & Wireless Optus Finance,                |            |
| 100                         | 8.00%, 6/22/10 .....                           | 111,423    |
|                             | CNOOC Finance Ltd.,                            |            |
| 50                          | 6.375%, 3/08/12 .....                          | 49,798     |
|                             | Korea Development Bank                         |            |
| 200                         | 5.25%, 11/16/06 .....                          | 200,729    |
|                             | Malaysia Government,                           |            |
| 50                          | 7.50%, 7/15/11 .....                           | 53,095     |
|                             | PCCW-HKTC Capital Ltd.,                        |            |
| 200                         | 7.75%, 11/15/11 .....                          | 199,991    |
|                             | Republic of Philippines,                       |            |
| 50                          | 8.375%, 3/12/09 .....                          | 50,923     |
| 50                          | 9.375%, 1/18/17 .....                          | 52,375     |
| 100                         | 9.875%, 1/15/19 .....                          | 104,367    |
|                             |  | -----      |
|                             | Total United States long-term bonds            |            |
|                             | (cost US\$887,322) .....                       | 914,201    |
|                             |  | -----      |
|                             | Total long-term investments                    |            |
|                             | (cost US\$103,332,489) .....                   | 95,996,312 |
|                             |  | -----      |

Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

Aberdeen Commonwealth Income Fund, Inc. 17

Portfolio of Investments (unaudited) (concluded)

As of April 30, 2002

Principal

Amount

Local

Currency (a)

(000)

Description

Value

(US\$)

-----  
SHORT-TERM INVESTMENTS -- 25.0%

Australia -- 5.0%

A\$

|       |  |           |
|-------|--|-----------|
| 8,303 | Banque Nationale de Paris Fixed Deposit,<br>4.00%, 5/01/02<br>(cost US\$4,458,545) ..... | 4,458,544 |
|-------|--|-----------|

Canada -- 3.6%

C\$

|       |   |           |
|-------|---|-----------|
| 2,572 | State Street Bank and Trust Company Time Deposit,<br>1.75%, 5/01/02 ..... | 1,638,530 |
| 2,544 | 1.75%, 5/08/02 .....  | 1,620,692 |
|       | (cost US\$3,253,811) .....  | 3,259,222 |

New Zealand -- 2.2%

NZ\$

|       |   |           |
|-------|---|-----------|
| 4,338 | State Street Bank and Trust Company Fixed Deposit<br>4.25%, 5/08/02<br>(cost US\$1,941,255) ..... | 1,941,255 |
|-------|---|-----------|

United Kingdom -- 4.0%

(pound)

|       |  |           |
|-------|--|-----------|
| 2,439 | State Street Bank and Trust Company Fixed Deposit<br>3.875%, 5/01/02<br>(cost US\$3,533,623) ..... | 3,554,355 |
|-------|--|-----------|

United States -- 10.2%

US\$

|       |   |           |
|-------|---|-----------|
| 9,167 | Repurchase Agreement, State Street Bank and Trust<br>Company, 1.77% dated 4/30/02, due 5/01/02 in the<br>amount of \$9,167,451 (collateralized by \$8,995,000<br>U.S. Treasury Notes, 5.625% due 5/15/08; value<br>\$9,354,800)<br>(cost US\$9,167,000) ..... | 9,167,000 |
|-------|---|-----------|

Total short-term investments

|                             |            |
|-----------------------------|------------|
| (cost US\$22,354,234) ..... | 22,380,376 |
|-----------------------------|------------|

-----  
Total Investments -- 132.0% (cost US\$125,686,723) 118,376,688

|   |       |
|---|-------|
| Net unrealized appreciation on forward foreign currency exchange<br>contracts -- 0.0% (f) | 2,586 |
|---|-------|

|   |           |
|---|-----------|
| Other assets in excess of liabilities -- 1.5% | 1,404,884 |
|---|-----------|

|   |              |
|---|--------------|
| Liquidation value of preferred stock -- (33.5%) | (30,000,000) |
|---|--------------|

-----  
Net Assets Applicable to Common Shareholders -- 100.0% \$ 89,784,158  
=====

Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

- (a) Portfolio securities are listed based on currency in which they are traded;  
 A\$--Australian dollar  
 C\$--Canadian dollar  
 MYR--Malaysian Ringgit  
 NZ\$--New Zealand dollar  
 PHP--Philippine Peso  
 SG\$--Singapore dollar  
 THB--Thailand Baht  
 (pound)--British pound  
 US\$--United States dollar
- (b) Coupon changes periodically upon a predetermined schedule. Stated interest rate in effect at April 30, 2002.
- (c) 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.
- (d) Value of security is linked to the value of Korea Development Bank 7.01%, 6/26/02 and the movement of the South Korean Won.
- (e) Securities, or a portion thereof, pledged as collateral for forward currency exchange contracts.
- (f) Forward foreign currency exchange contracts entered into as of April 30, 2002 were as follows:

-----  
 Purchases

| Contracts to Receive | In exchange for | Settlement Date | Value        | Unrealized Appreciation |
|----------------------|-----------------|-----------------|--------------|-------------------------|
| CNY 828,800          | US\$ 100,000    | 07/24/02        | US\$ 100,064 | \$ 64                   |
| PHP 34,897,600       | US\$ 680,000    | 07/29/02        | US\$ 682,321 | 2,321                   |
| TWD 7,874,630        | US\$ 227,000    | 07/25/02        | US\$ 227,201 | 201                     |
|                      |                 |                 |              | -----                   |
|                      |                 |                 |              | \$2,586                 |
|                      |                 |                 |              | =====                   |

18 Aberdeen Commonwealth Income Fund, Inc.

Statement of Assets and Liabilities (unaudited)

April 30, 2002

Assets

|  |                |
|--|----------------|
| Investments, at value (cost \$125,686,723) .....                       | \$ 118,376,688 |
| Foreign currency, at value (cost \$3,097,639) .....                    | 3,123,663      |
| Cash .....   | 112,287        |
| Interest receivable .....  | 2,465,958      |
| Net unrealized appreciation on forward foreign exchange contracts .... | 2,586          |
| Prepaid expenses .....   | 12,700         |
|  | -----          |
| Total assets .....   | 124,093,882    |
|  | -----          |

Liabilities

|   |           |
|---|-----------|
| Payable for investments purchased .....                 | 3,452,221 |
| Dividends and distributions payable--common stock ..... | 555,973   |

Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

|  |               |
|--|---------------|
| Investment management fee payable .....  | 68,093        |
| Administration fee payable .....   | 20,952        |
| Accrued expenses and other liabilities .....   | 212,485       |
|  | -----         |
| Total liabilities .....  | 4,309,724     |
|  | -----         |
| Preferred Stock  |               |
| \$.001 par value per share and \$25,000 liquidation value per share ....                     | 30,000,000    |
|  | -----         |
| Net Assets Applicable to Common Shareholders .....   | \$ 89,784,158 |
|  | -----         |
| Composition of Net Assets Applicable to Common Shareholders                                  |               |
| Common stock (par value \$.001 per share) .....  | \$ 9,266      |
| Paid-in capital in excess of par .....   | 122,910,705   |
| Distributions in excess of investment income .....   | (5,652,726)   |
| Accumulated net realized losses on investment transactions .....                             | (283,097)     |
| Net unrealized depreciation on investments .....   | (440,797)     |
| Accumulated net realized foreign exchange losses .....                                       | (19,963,767)  |
| Net unrealized foreign exchange losses .....   | (6,795,426)   |
|  | -----         |
| Net Assets Applicable to Common Shareholders .....   | \$ 89,784,158 |
|  | =====         |
| Net asset value per common share based on (9,266,209 shares<br>issued and outstanding) ..... | \$ 9.69       |
|  | =====         |

Aberdeen Commonwealth Income Fund, Inc. 19

Statement of Operations (unaudited)

For the Six Months Ended April 30, 2002

|  |              |
|--|--------------|
| Net Investment Income  |              |
| Income   |              |
| Interest and discount earned (net of foreign withholding<br>taxes of \$66,111) ..... | \$ 3,327,495 |
|  | -----        |
| Expenses   |              |
| Investment management fee .....  | 385,889      |
| Administration fee .....   | 118,735      |
| Directors' fees and expenses .....   | 83,071       |
| Reports to shareholders .....  | 74,713       |
| Independent accountant's fees and expenses .....                                     | 57,962       |
| Custodian's fees and expenses .....  | 48,338       |
| Auction agent's fees and expenses .....  | 38,075       |
| Legal fees and expenses .....  | 33,517       |
| Investor relations fees and expenses .....   | 30,313       |
| Insurance expense .....  | 26,481       |
| Registration fees .....  | 12,397       |
| Transfer agent's fees and expenses .....   | 10,339       |
| Miscellaneous .....  | 17,639       |
|  | -----        |
| Total operating expenses .....   | 937,469      |
|  | -----        |
| Net investment income .....  | 2,390,026    |
|  | -----        |

## Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

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

|  |             |
|--|-------------|
| Net realized gains on investment transactions .....  | 165,533     |
| Net realized foreign exchange losses .....   | (2,690,175) |
|  | (2,524,642) |
| Net change in unrealized depreciation of investments .....                                   | (4,288,434) |
| Net change in unrealized foreign exchange losses .....                                       | 5,496,367   |
|  | 1,207,933   |
| Net loss on investments and foreign currencies .....   | (1,316,709) |
| Net increase in Net Assets from Operations .....   | 1,070,317   |
| Dividends to Shareholders from Net Investment Income   |             |
| Preferred Stock .....  | (307,524)   |
| Net Increase in Net Assets Applicable to Common Shareholders Resulting from Operations ..... | \$ 765,793  |

20 Aberdeen Commonwealth Income Fund, Inc.

### Statement of Cash Flows (unaudited)

For the Six Months Ended April 30, 2002

#### Increase (Decrease) in Cash (Including Foreign Currency)

|  |              |
|--|--------------|
| Cash flows provided from operating activities                |              |
| Interest received .....                                      | \$ 3,571,389 |
| Operating expenses paid .....                                | (905,277)    |
| Purchases of short-term portfolio investments, net .....     | (7,466,944)  |
| Purchases of long-term portfolio investments .....           | (7,831,065)  |
| Proceeds from sales of long-term portfolio investments ..... | 18,711,105   |
| Dividends paid to preferred shareholders .....               | (323,400)    |
| Other .....  | 29,567       |
|  | 5,785,375    |
| Cash flows used for financing activities                     |              |
| Dividends paid to common shareholders .....                  | (3,613,454)  |
|  | (3,613,454)  |
| Effect of exchange rate on cash .....                        | 60,423       |
| Net increase in cash .....                                   | 2,232,344    |
| Cash at beginning of period .....                            | 1,003,606    |
|  | \$ 3,235,950 |

Reconciliation of Net Increase in Net Assets Applicable to Common Shareholders from Operations to Net Cash (Including Foreign Currency) Provided from Operating Activities

Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

|  |    |             |
|--|----|-------------|
| Net increase in net assets applicable to common shareholders resulting from operations ..... | \$ | 765,793     |
| Decrease in investments .....  |    | 231,283     |
| Net realized gains on investments .....  |    | (165,533)   |
| Net realized foreign exchange losses .....   |    | 2,690,175   |
| Net change in unrealized appreciation/depreciation on investments .                          |    | 4,288,434   |
| Net change in unrealized foreign exchange losses .....                                       |    | (5,496,367) |
| Increase in interest receivable .....  |    | (26,514)    |
| Net decrease in other assets .....   |    | 29,567      |
| Increase in payable for investments purchased .....  |    | 3,452,221   |
| Decrease in payable for preferred dividends .....  |    | (15,876)    |
| Increase in accrued expenses and other liabilities .....                                     |    | 32,192      |
| Total adjustments .....  |    | 5,019,582   |
| Net cash provided from operating activities .....  | \$ | 5,785,375   |

Aberdeen Commonwealth Income Fund, Inc. 21

Statements of Changes in Net Assets

|  | For the Six<br>Months Ended<br>April 30, 2002<br>(unaudited) | For the Year<br>Ended<br>Oct. 31, 2002 |
|--|--|--|
| -----  |  |  |
| Increase (Decrease) in Net Assets Applicable to<br>Common Shareholders   |  |  |
| Operations   |  |  |
| Net investment income .....  | \$ 2,390,026   | \$ 6,563                               |
| Net realized gains (losses) on investment transactions ....  | 165,533  | (420)                                  |
| Net realized foreign exchange losses .....   | (2,690,175)  | (4,541)                                |
| Net change in unrealized appreciation/depreciation<br>of investments .....                                       | (4,288,434)  | 3,076                                  |
| Net change in unrealized foreign exchange gains/losses ....  | 5,496,367  | 2,579                                  |
| Net Increase in Net Assets from Operations .....   | 1,070,317  | 7,257                                  |
| Dividends to shareholders from net investment income   |  |  |
| Preferred stock .....  | (307,524)  | (1,429)                                |
| Net Increase in Net Assets Applicable to Common<br>Shareholders Resulting from Operations .....                  | 765,793  | 5,827                                  |
| Dividends and distributions to common shareholders from<br>net investment income .....                           | (3,520,792)  | (3,178)                                |
| Tax return of capital .....  | --   | (4,604)                                |
| Net decrease in net assets applicable to common shareholders<br>resulting from dividends and distributions ..... | (3,520,792)  | (7,782)                                |
| Total decrease in net assets applicable to common shareholders<br>Net Assets Applicable to Common Shareholders   | (2,754,999)  | (1,955)                                |

Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

|   |               |           |
|---|---------------|-----------|
| Beginning of period .....   | 92,539,157    | 94,494    |
| End of period (including distributions in excess of net investment income of (\$5,652,726) and (\$664,511), respectively) ..... | \$ 89,784,158 | \$ 92,539 |

22 Aberdeen Commonwealth Income Fund, Inc.

Financial Highlights

|  | For the Six Months Ended April 30, 2002 (unaudited) (1) | For the Year Ended October 31, 2001 |
|--|---|-------------------------------------|
| -----  |   |                                     |
| Per Share Operating Performance:   |   |                                     |
| Net asset value per common share, beginning of period .....                            | \$ 9.99   | \$ 10.20                            |
| Net investment income .....  | 0.26  | 0.71                                |
| Net realized and unrealized gains (losses) on investments and foreign currencies ..... | (0.15)  | 0.07                                |
| Dividends to preferred shareholders:   |   |                                     |
| From net investment income .....   | (0.03)  | (0.15)                              |
| From net realized gains on investment transactions .....                               | --  | --                                  |
| Total from investment operations applicable to common shareholders .....               | 0.08  | 0.63                                |
| Dividends and distributions to common shareholders:                                    |   |                                     |
| From net investment income .....   | (0.38)  | (0.34)                              |
| Tax return of Capital .....  | --  | (0.50)                              |
| From net realized gains on investment transactions .....                               | --  | --                                  |
| Total dividends and distributions .....  | (0.38)  | (0.84)                              |
| Net asset value per common share, end of period .....                                  | \$ 9.69   | \$ 9.99                             |
| Market value, end of period .....  | \$ 8.85   | \$ 9.00                             |
| Number of shares of common stock outstanding (000 omitted) ...                         | 9,266   | 9,266                               |
| Total investment return based on:(2)   |   |                                     |
| Market value .....   | 3.46%   | 11.20%                              |
| Net asset value .....  | 1.64%   | 7.40%                               |
| Ratio to Average Net Assets Applicable to Common Shareholders(3)/Supplementary Data:   |   |                                     |
| Net assets of common shareholders, end of period (000 omitted)                         | \$ 89,784   | \$ 92,539                           |
| Average net assets of common shareholders (000 omitted) .....                          | 89,432  | 93,987                              |
| Operating expenses .....   | 2.10%   | 2.11%                               |
| Net investment income(3) .....   | 4.66%   | 5.46%                               |
| Portfolio turnover .....   | 11%   | 17%                                 |
| Senior securities (preferred stock) outstanding (000 omitted)                          | \$ 30,000   | \$ 30,000                           |

Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

Asset coverage on preferred stock at year end ..... 399% 408%

- (1) As required, effective November 1, 2001, the Fund has adopted the provisions of the AICPA Audit and Accounting Guide, Audits of Investment Companies, and began amortizing premium on debt securities for financial statement reporting purposes only. The effect of this change for the six months ended April 30, 2002 was to decrease net investment income per share by \$0.05, decrease net realized and unrealized loss on investments and foreign exchange losses by \$0.05 and decrease the ratio of net investment income to average net asset from 5.71% to 4.66% based on common shareholders. Per share, ratios and supplemental data for periods prior to November 1, 2001 have not been restated to reflect this change in presentation.
- (2) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for the 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. Generally, total investment return based on net asset value will be higher than total investment return based on market value in years where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such years. Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such years.
- (3) Ratios are calculated on the basis of income and expenses applicable to both the common and preferred shares relative to the average net assets of common shareholders. Ratio of net investment income before preferred stock dividends to average net assets of common shareholders is 5.34%, 6.98%, 7.12%, 6.76%, 7.50%, and 8.10%, respectively.

Aberdeen Commonwealth Income Fund, Inc. 23

Financial Highlights (concluded)

|   | For the Year Ended<br>October 31, |          |
|---|-----------------------------------|----------|
|   | 1999                              | 1998     |
| -----   |                                   |          |
| Per Share Operating Performance:  |                                   |          |
| Net asset value per common share, beginning of period .....                               | \$ 13.07                          | \$ 13.94 |
|   | -----                             | -----    |
| Net investment income .....   | 0.87                              | 0.99     |
| Net realized and unrealized gains (losses) on investments and<br>foreign currencies ..... | (0.70)                            | (0.73)   |
| Dividends to preferred shareholders:  |                                   |          |
| From net investment income .....  | (0.11)                            | (0.14)   |
| From net realized gains on investment transactions .....                                  | (0.04)                            | (0.04)   |
|   | -----                             | -----    |
| Total from investment operations applicable to<br>common shareholders .....               | 0.02                              | 0.08     |
|   | -----                             | -----    |



## Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

|  |            |            |
|--|------------|------------|
| Dividends and distributions to common shareholders:            |            |            |
| From net investment income .....                               | (0.62)     | (0.87)     |
| Tax return of Capital .....                                    | --         | --         |
| From net realized gains on investment transactions .....       | (0.33)     | (0.08)     |
|  | -----      | -----      |
| Total dividends and distributions .....                        | (0.95)     | (0.95)     |
|  | -----      | -----      |
| Net asset value per common share, end of period .....          | \$ 12.14   | \$ 13.07   |
|  | =====      | =====      |
| Market value, end of period .....                              | \$ 10.375  | \$ 10.8125 |
|  | =====      | =====      |
| Number of shares of common stock outstanding (000 omitted) ... | 9,266      | 9,266      |
| Total investment return based on:(2)                           |            |            |
| Market value .....   | 4.89%      | (5.59)%    |
| Net asset value .....  | 1.53%      | 1.82%      |
| Ratio to Average Net Assets Applicable to Common               |            |            |
| Shareholders(3)/Supplementary Data:                            |            |            |
| Net assets of common shareholders, end of period (000 omitted) | \$ 112,504 | \$ 121,096 |
| Average net assets of common shareholders (000 omitted) .....  | 119,257    | 122,266    |
| Operating expenses .....                                       | 1.95%      | 1.70%      |
| Net investment income(3) .....                                 | 5.53%      | 6.17%      |
| Portfolio turnover .....                                       | 40%        | 36%        |
| Senior securities (preferred stock) outstanding (000 omitted)  | \$ 30,000  | \$ 30,000  |
| Asset coverage on preferred stock at year end .....            | 475%       | 504%       |
| -----  |            |            |

- (1) As required, effective November 1, 2001, the Fund has adopted the provisions of the AICPA Audit and Accounting Guide, Audits of Investment Companies, and began amortizing premium on debt securities for financial statement reporting purposes only. The effect of this change for the six months ended April 30, 2002 was to decrease net investment income per share by \$0.05, decrease net realized and unrealized loss on investments and foreign exchange losses by \$0.05 and decrease the ratio of net investment income to average net asset from 5.71% to 4.66% based on common shareholders. Per share, ratios and supplemental data for periods prior to November 1, 2001 have not been restated to reflect this change in presentation.
- (2) Total investment return is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for the 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. Generally, total investment return based on net asset value will be higher than total investment return based on market value in years where there is an increase in the discount or a decrease in the premium of the market value to the net asset value from the beginning to the end of such years. Conversely, total investment return based on net asset value will be lower than total investment return based on market value in periods where there is a decrease in the discount or an increase in the premium of the market value to the net asset value from the beginning to the end of such years.
- (3) Ratios are calculated on the basis of income and expenses applicable to both the common and preferred shares relative to the average net assets of common shareholders. Ratio of net investment income before preferred stock dividends to average net assets of common shareholders is 5.34%, 6.98%, 7.12%, 6.76%, 7.50%, and 8.10%, respectively.

## Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

### Notes to Financial Statements

#### Note 1. Investment Objectives

Aberdeen Commonwealth Income Fund, Inc. (the "Fund") was incorporated in Maryland on June 28, 1991, as a closed-end, non-diversified investment company.

The Fund's principal investment objective is to provide high current income by investing primarily in fixed-income securities denominated in Commonwealth Currencies. As a secondary investment objective, the Fund seeks capital appreciation, but only when consistent with its principal investment objective. The Fund will seek to achieve its investment objective through investment in securities denominated in the Commonwealth Currencies and in Global Debt Securities. 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 2. 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 principles generally accepted in the United States of America using the United States dollar as both the functional and reporting currency. However, the Commonwealth Currencies (excluding New Zealand) are the functional currencies for Federal tax purposes (see Taxes below).

**Foreign Currency Translation:** Foreign currency amounts are translated into United States dollars on the following basis:

- (i) market value of investment securities, other assets and liabilities--at the closing rates of exchange as reported by a major bank;
- (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 fiscal period end. 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 fiscal year.

Net realized foreign exchange losses includes 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 and the difference between the amounts of interest, discount and foreign withholding taxes recorded on the Fund's books and the U.S. dollar

Aberdeen Commonwealth Income Fund, Inc. 25

#### Notes to Financial Statements (continued)

equivalent amounts actually received or paid. Net unrealized foreign exchange losses include changes in the value of portfolio securities and other assets and

## Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

liabilities arising as a result of changes in the exchange rate. Accumulated realized and unrealized foreign exchange losses shown in the composition of net assets represent foreign exchange losses 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 rates of the Commonwealth Currencies utilized by the Fund at April 30, 2002 were US\$.5370 to A\$1.00, US\$0.6371 to C\$1.00, US\$0.4475 to NZ\$1.00, US\$1.4573 to (pound)1.00.

**Security Valuation:** Investments are stated at value. Investments for which market quotations are readily available are valued at the last trade price on or within one local business day of 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. Securities for which market quotations are not readily available are valued at fair value in good faith using methods determined by or under the direction of the Fund's Board of Directors.

Securities purchased with a maturity of less than 60 days are valued at amortized cost. Securities purchased with a maturity of greater than 60 days are valued at current market quotations until the 60th day prior to maturity. At that time, the value of the security on the 61st day prior to maturity is amortized on a straight-line basis to value the security for the remaining 60 days.

**Repurchase Agreements:** In connection with transactions in repurchase agreements with U.S. financial institutions, it is the Fund's policy that its custodian/counterparty segregates 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.

**Securities Transactions and Investment Income:** Securities transactions are recorded on the trade date. Realized

26 Aberdeen Commonwealth Income Fund, Inc.

Notes to Financial Statements (continued)

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 on securities purchased are accreted on an effective yield basis over the estimated lives of the respective securities. Expenses are accrued on a daily basis.

**Change in Accounting Principles:**

As required, effective November 1, 2001, the Fund has adopted the provisions of the AICPA Audit and Accounting Guide, Audits of Investment Companies, and began amortizing premium on debt securities for financial statement reporting purposes only. This change has no impact on the net asset value of the Fund. Prior to

## Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

November 1, 2001, the Fund did not amortize premiums on debt securities.

The Fund determined that the adoption of premium amortization policy resulted in a cumulative reduction of \$3,549,925 in the recorded cost of investments (but not their market value) and a corresponding \$3,549,925 increase in net unrealized appreciation on investments and foreign exchange losses, based on investments owned by the Fund on November 1, 2001.

The effect of this change for the six-month period ended April 30, 2002, was to decrease net investment income by \$472,412, decrease net unrealized appreciation/depreciation on investments and foreign exchange losses by \$572,260 and increase net realized gains by \$1,044,672. Because the Fund determines its required distributions under Federal income tax laws, adoption of this principle will not affect the amount or composition of distributions paid to shareholders. The statements of changes in net assets and financial highlights for prior periods have not been restated to reflect the change in accounting principle.

**Derivative Financial Instruments:** The Fund is authorized to use derivatives to manage both currency and interest rate risk for global debt securities. With respect to investments denominated in Commonwealth currencies, derivatives can only be used to manage interest rate risk. Losses may arise due to changes in the value of the contract if the counterparty does not perform under the contract.

**Forward Currency Contracts:** A forward currency contract involves an obligation to purchase and sell a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. The foreign currency contract is marked-to-market daily and the change in market value is recorded by the Fund as an unrealized gain or loss. When the forward currency contract is closed, the Fund records a realized gain or

Aberdeen Commonwealth Income Fund, Inc. 27

### Notes to Financial Statements (continued)

loss equal to the difference between the value at the time it was opened and the value at the time it was closed.

**Financial futures contracts:** A futures contract is an agreement between two parties to buy and sell a security for a set price on a future date. Upon entering into a contract, the Fund deposits and maintains as collateral such initial margin as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. As of April 30, 2002, there were no open futures contracts.

**Options:** When the Fund writes an option, an amount equal to the premium received by the Fund is reflected as an asset and an equivalent liability. The amount of the liability is subsequently marked to market to reflect the current market value of the option written. When a security is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the security acquired or deducted from (or added to) the proceeds of the security sold. When an option expires (or the Fund enters into a closing transaction), the Fund realizes a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the

## Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

cost of the closing transaction exceeds the premium paid or received). As of April 30, 2002, there were no open option contracts.

**Dividends:** Dividends and distributions to common shareholders are recorded on the ex-dividend date. These are based upon net investment income and capital and currency gains 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 and loss deferrals. Dividends and distributions to preferred shareholders are accrued on a daily basis and are determined as described in Note 6.

**Taxes:** For Federal income and excise tax purposes, substantially all of the Fund's transactions are accounted for using the functional currencies. Accordingly, only realized currency gains and losses resulting from the repatriation of any of the Commonwealth Currencies into U.S. dollars or another Commonwealth Currency and realized currency gains and

28 Aberdeen Commonwealth Income Fund, Inc.

### Notes to Financial Statements (continued)

losses on non-Commonwealth currencies are recognized for tax purposes.

No provision has been made for United States of America Federal income taxes because it is the Fund's policy to meet the requirements of the United States of America Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to shareholders. Under the applicable foreign tax law, a withholding tax may be imposed on interest and discounts earned at various rates.

**Cash Flow Information:** The Fund invests in securities and distributes dividends from net investment income and net realized gains on investment and currency transactions which are paid in cash or are reinvested at the discretion of shareholders. These activities are reported in the Statements 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.

**Use of Estimates:** The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

### Note 3. Agreements

The Fund has agreements with Aberdeen Asset Managers (C.I.) Limited (the "Investment Manager"), Aberdeen Asset Management Limited (the "Investment Adviser"), and Princeton Administrators, L.P. (the "Administrator"). The Investment Manager and the Investment Adviser are wholly-owned subsidiaries of Aberdeen Asset Management Plc. The Investment Manager has entered into an agreement with CIBC World Markets, Inc. (the "Consultant").

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 and the Consultant, including the selection of and the placement of orders with brokers and dealers to execute portfolio transactions on behalf of the Fund.

## Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

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 net assets up to \$200 million, 0.60% of such assets between \$200 million and \$500 million and 0.55% of such assets in excess of \$500 million. The administration agreement provides the Administrator with a fee computed and payable monthly at

Aberdeen Commonwealth Income Fund, Inc. 29

### Notes to Financial Statements (continued)

the annual rate of 0.20% of the Fund's average weekly net assets, subject to a minimum annual payment of \$150,000 (\$12,500 per month). The Investment Manager pays fees to the Investment Adviser and the Consultant for their services rendered.

The Investment Manager informed the Fund that it paid \$149,290 to the Investment Adviser and \$6,000 to the Consultant during the six months ended April 30, 2002.

Effective March 1, 2000, the Fund entered into an agreement with EquitiLink USA, Inc. (doing business under the name Aberdeen Asset Management ("AAM")), an affiliate, to provide investor relation services. This agreement provides AAM with a monthly retainer of \$4,000 plus out of pocket expenses. For the six months ended April 30, 2002, the Fund paid AAM \$27,328.

### Note 4. Portfolio Securities

Purchases and sales of investment securities, other than short-term investments, for the six months ended April 30, 2002 aggregated \$11,283,286 and \$18,711,105, respectively.

The United States of America federal income tax basis of the Fund's investments at April 30, 2002 was \$121,687,808 and accordingly, net unrealized depreciation for United States federal income tax purposes was \$3,311,119 (gross unrealized appreciation -- \$1,179,921, gross unrealized depreciation -- \$4,491,041.)

For federal income tax purposes, the Fund had a capital loss carryforward as of October 31, 2001 of approximately \$428,662 which expires in 2009. Accordingly, no capital gains distributions are expected to be paid to shareholders until future net gains have been realized in excess of such carryforward.

### Note 5. Common Stock

There are 300 million shares of \$.001 par value common stock authorized and 9,266,209 shares outstanding at April 30, 2002.

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%. Through April 30, 2002, there have been no share repurchases through this program.

### Note 6. Preferred Stock

There are 100 million shares of \$.001 par value of Auction Market Preferred Stock ("Preferred Stock") authorized. The preferred shares have rights as determined by the Board of Directors. The 1,200 shares of Preferred Stock outstanding

## Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

30 Aberdeen Commonwealth Income Fund, Inc.

### Notes to Financial Statements (concluded)

consist of one series, W-7. The Preferred Stock has a liquidation value of \$25,000 per share plus any accumulated but unpaid dividends whether or not declared.

Dividends on the Preferred Stock are cumulative at a rate typically reset every seven days based on the results of an auction. Dividend rates ranged from 1.87% to 2.70% during the six months ended April 30, 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 \$25,000 per share plus any accumulated but unpaid dividends. The Preferred Stock is also subject to mandatory redemption at \$25,000 per share plus any accumulated but unpaid dividends, whether or not declared, 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 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.

### Note 7. Subsequent Dividends

Subsequent to April 30, 2002, the Board of Directors of the Fund declared distributions of \$0.06 per common share payable on June 7, 2002 and July 12, 2002 to common shareholders of record on May 31, 2002 and June 28, 2002.

Subsequent to April 30, 2002, dividends and distributions declared and paid on preferred shares totaled approximately \$90,912 for the outstanding preferred share series through June 20, 2002.

Aberdeen Commonwealth Income Fund, Inc. 31

### Supplemental Proxy Information (unaudited)

The Annual Meeting of Shareholders of Aberdeen Commonwealth Income Fund, Inc. was held on March 21, 2002 at the offices of Prudential Securities Incorporated, One Seaport Plaza, New York, New York. The description of each proposal and number of shares voted at the meeting are as follows:

Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

|  | Votes For | Votes Withheld |
|--|-----------|----------------|
| 1. To elect four directors to serve as Class I directors for a three-year term expiring in 2005: |           |                |
| David L. Elsum   | 8,461,524 | 188,277        |
| Laurence S. Freedman   | 8,462,198 | 187,603        |
| E. Duff Scott  | 8,461,524 | 188,277        |
| Sir David Rowe-Ham   | 8,461,524 | 188,277        |

|  | Votes For | Votes Withheld |
|--|-----------|----------------|
| 2. To elect two directors to represent the interests of the holders of the preferred stock for the ensuing year: |           |                |
| Dr. Anton E. Schrafl   | 1146      | 2              |
| John T. Sheehy   | 1146      | 2              |

Directors whose term of office continued beyond this meeting are as follows:  
 Martin J. Gilbert, Neville J. Miles, William J. Potter, Peter D. Sacks, Warren C. Smith and Hugh Young.

32 Aberdeen Commonwealth Income Fund, Inc.

Directors

Martin J. Gilbert, Chairman  
 David L. Elsum  
 Laurence S. Freedman  
 Neville J. Miles  
 William J. Potter  
 Sir David Rowe-Ham  
 Peter D. Sacks  
 Anton E. Schrafl  
 E. Duff Scott  
 John T. Sheehy  
 Warren C. Smith  
 Hugh Young

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  
 Allan S. Mostoff, Assistant Secretary  
 Margaret A. Bancroft, Assistant Secretary  
 Sander M. Bieber, Assistant Secretary



## Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

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.

[RECYCLED LOGO] Printed on post-consumer recycled paper

Aberdeen Commonwealth Income Fund, Inc. 33

### Corporate Information

|                            |   |
|----------------------------|---|
| Investment Manager         | Aberdeen Asset Managers (C.I.) Limited<br>P.O. Box 578, 17 Bond Street<br>St. Helier, Jersey JE45XB<br>Channel Islands  |
| Investment Advisor         | Aberdeen Asset Management Limited<br>Level 6, 201 Kent Street<br>Sydney, NSW 2000, Australia  |
| Consultant                 | CIBC World Markets, Inc.<br>BCE Place, Canada Trust Tower<br>P.O. Box 500<br>Toronto, Ontario, M5J 2S8<br>Canada  |
| Administrator              | Princeton Administrators, L.P.<br>P.O. Box 9095<br>Princeton, New Jersey 08543-9095   |
| Custodian & Transfer Agent | State Street Bank and Trust Company<br>1 Heritage Drive<br>North Quincy, Massachusetts 02171  |
| Auction Agent              | Deutsche Bank<br>Four Albany Street<br>New York, New York 10006   |
| Independent Accountants    | PricewaterhouseCoopers LLP<br>1177 Avenue of the Americas<br>New York, New York 10036   |
| Legal Counsel              | Dechert<br>1775 Eye Street, N.W.<br>Washington, DC 20006<br><br>Stikeman Elliott<br>Level 40 Chifley Tower<br>2 Chifley Square<br>Sydney, NSW 2000, Australia |
| Investor Relations         | Aberdeen Asset Management<br>45 Broadway, 31st Floor<br>New York, New York 10006<br>1-800-522-5465 or 1-212-968-8800<br>InvestorRelations@aberndeen-asset.com |

[LOGO]  
Aberdeen  
ASSET MANAGERS

## Edgar Filing: ABERDEEN COMMONWEALTH INCOME FUND INC - Form N-30D

Aberdeen Asset Managers (C.I.) Limited

The common shares of Aberdeen Commonwealth Income Fund, Inc. are traded on the New York Stock Exchange under the symbol "FCO." 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.

This report, including the financial information herein, is transmitted to the shareholders of Aberdeen Commonwealth 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. Past performance is no guarantee of future returns.

[GRAPHIC]

Invests primarily in global fixed-income securities