

ABERDEEN COMMONWEALTH INCOME FUND INC  
Form N-30B-2  
September 28, 2001

[LOGO]

Aberdeen  
Commonwealth Income  
Fund, Inc.

Quarterly Report  
July 31, 2001

Stop Press

Dear Shareholder,

We are greatly saddened by the tragic events that took place on September 11, 2001 and our deepest sympathies go out to the families of all the victims. We wish to acknowledge and thank the members of the emergency response teams whose heroic efforts have been an inspiration to us all.

We would like to take the opportunity to reassure our shareholders of our unwavering commitment to their investment needs during this difficult time. Please let us know if we can be of any assistance as we move forward together in the weeks and months ahead.

Sincerely,

/s/ Martin J. Gilbert

Martin J. Gilbert  
Chairman

Highlights

- o 9.5% cash distribution rate for the previous 12 months based on a share price of \$8.80 on July 31, 2001
- o 89.6% invested in securities rated or deemed equivalent to AA/Aa or better
- o 5.5% of total assets invested in Asian debt securities

All amounts in U.S. Dollars unless otherwise stated.

2 Aberdeen Commonwealth Income Fund, Inc.

Letter to Shareholders

September 7, 2001

Dear Shareholder,

We present this Quarterly Report which covers the activities of Aberdeen Commonwealth Income Fund, Inc. (the "Fund") for the quarter ended July 31, 2001. 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,

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Aberdeen Asset Managers (C.I.) Limited.

High Credit Quality: 89.6% of Securities Rated or Deemed Equivalent to AA/Aa or Better

The Fund's high credit quality has been maintained. Over 89.6% of assets are rated AA/Aa or better, or are considered of equivalent quality by the Investment Manager. An additional 7.0% is held in A rated securities.

Distributions: 9.5% Annual Cash Distribution Rate

Distributions to common shareholders for the twelve months ended July 31, 2001 totaled 84.0 cents per share. Based on the share price of \$8.80 on July 31, 2001, the cash distribution rate over the last 12 months was 9.5%. 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 September 3, 2001, the Board of Directors declared a 7.0 cent per share monthly distribution. It is the Board's policy 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 Board intends to review the distribution policy and current monthly distribution rate of 7.0 cents per share on a quarterly basis, with the next scheduled review to take place in December 2001.

Net Asset Value Performance: 5.3% Per Annum Return Since Inception

The Fund's Net Asset Value ("NAV") returned 1.4% over the quarter to July 31, 2001. Since inception, the Fund's NAV has returned 5.3% per annum to July 31, 2001. On July 31, 2001, the Fund's share price was \$8.80, which represented a discount of 9.9% to the NAV of \$9.77.

Aberdeen Commonwealth Income Fund, Inc. 3

Letter to Shareholders (concluded)

Asian Investments: 5.5% of Total Assets Invested in Asian Debt Securities

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 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.

As of July 31, 2001, 5.5% 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.

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 1-800-552-5465 or 1-212-968-8800 in the United States,

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

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

4 Aberdeen Commonwealth Income Fund, Inc.

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

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

Therefore the exact amount of distributable income for each fiscal year can only be determined as 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 the distributions for the fiscal year commencing November 1, 2000, including the distribution to be paid on September 14, 2001, are comprised of 35% net investment income and 65% 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 2002, 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.

Aberdeen Commonwealth Income Fund, Inc. 5

### 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

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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 1-800-451-6788.

6 Aberdeen Commonwealth Income Fund, Inc.

### Report of the Investment Manager

#### Share Price Performance

On July 31, 2001, the Fund's share price was \$8.80, which represented a discount of 9.9% to the NAV of \$9.77. At the date of this report, the share price was \$9.03 representing a discount of 9.7% to the NAV of \$10.00.

#### 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 4.13% over the quarter ended July 31, 2001, compared with 3.93% for 30-day U.S. commercial paper over the same period. These rates have decreased since the quarter ended April 30, 2001, due to the lowering of interest rates by the U.S. Federal Reserve over the period.

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 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 Auction Market Preferred Stock.

The most significant type of risk associated with interest rate swaps is the risk that the counterparty may default or go bankrupt, in which case the Fund would bear the risk of loss of the amount expected to be received under the swap agreement. There can be no assurance that the Fund will have an interest rate swap in place at any given time nor can there be any assurance that, if an interest rate swap is in place, it will be successful in hedging the Fund's interest rate risk with respect to the AMPS.

The implementation of this strategy will be at the discretion of the Investment Manager.

The Fund is a leveraged Fund. Over the past year, the U.S. dollar has strengthened against virtually all other currencies in the world. This has resulted in a negative impact for common shareholders. However, in anticipation of an appreciating Australian dollar, the Manager expects that in the medium term this situation will rectify itself and that the outstanding AMPS issue will make a positive contribution to the Fund's performance.

Portfolio Composition

Geographic Composition

The table below shows the geographic composition of the Fund's total investments as of July 31, 2001, compared with the previous quarter and twelve months.

TABLE 1: ABERDEEN COMMONWEALTH INCOME FUND, INC.--  
GEOGRAPHIC ASSET ALLOCATION

|                 | July 31, 2001<br>% | April 30, 2001<br>% | July 31, 2000<br>% |
|-----------------|--------------------|---------------------|--------------------|
| Australia       | 22.1               | 23.6                | 23.8               |
| Canada          | 34.7               | 32.8                | 35.1               |
| New Zealand     | 4.8                | 3.7                 | 3.3                |
| United Kingdom  | 29.2               | 30.5                | 29.9               |
| United States*  | 3.7                | 3.8                 | 2.1                |
| Asia            | 5.5                | 5.6                 | 5.8                |
| Total Portfolio | 100.0              | 100.0               | 100.0              |

\* It is the 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 July 31, 2001, compared with the previous quarter and twelve months.

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

|                       | July 31, 2001<br>% | April 30, 2001<br>% | July 31, 2000<br>% |
|-----------------------|--------------------|---------------------|--------------------|
| Australian Dollar     | 22.1               | 23.6                | 23.8               |
| Canadian Dollar       | 34.7               | 32.8                | 35.1               |
| New Zealand Dollar    | 4.8                | 3.7                 | 3.3                |
| British Pound         | 29.2               | 30.5                | 29.9               |
| United States Dollar* | 3.7                | 3.8                 | 4.7                |
| Asia Currencies       | 5.5                | 5.6                 | 3.2                |
| Total Portfolio       | 100.0              | 100.0               | 100.0              |

\* Includes Asian Yankee bond investments.

8 Aberdeen Commonwealth Income Fund, Inc.

Portfolio Composition (continued)

Maturity Composition

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On July 31, 2001, the average maturity of the Fund's assets was 7.4 years, compared with 8.0 years on April 30, 2001. The Fund's modified duration remained at 4.9 years for the quarter ended July 31, 2001. The table below shows the maturity composition of the Fund's investments as of July 31, 2001:

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

|                 | Less than 1 year<br>% | 1--5 years<br>% | 5--10 years<br>% | Over 10 years<br>% |
|-----------------|-----------------------|-----------------|------------------|--------------------|
| Australia       | 15.6                  | 25.4            | 48.9             | 10.1               |
| Canada          | 36.5                  | 14.4            | 10.9             | 38.2               |
| New Zealand     | 72.6                  | 10.4            | 17.0             | --                 |
| United Kingdom  | 13.7                  | 21.9            | 25.4             | 39.0               |
| United States   | 100.0                 | --              | --               | --                 |
| Asia            | 37.2                  | 51.4            | 11.4             | --                 |
| Total Portfolio | 29.3                  | 20.0            | 23.5             | 27.2               |

### Sectoral Composition

The table below shows the sectoral composition of the Fund's total investments as of July 31, 2001:

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       | 8.6                               | 9.6                                | 1.7                                       | 2.0                     | 0.2                        |
| Canada          | 19.6                              | 5.7                                | 0.3                                       | 0.8                     | 8.3                        |
| New Zealand     | 0.3                               | --                                 | 1.2                                       | 0.7                     | 2.6                        |
| United Kingdom  | 20.5                              | --                                 | 3.0                                       | 4.0                     | 1.7                        |
| United States   | --                                | --                                 | --  | --                      | 3.7                        |
| Asia            | 3.6                               | 0.6                                | 0.2                                       | 0.1                     | 1.0                        |
| Total Portfolio | 52.6                              | 15.9                               | 6.4                                       | 7.6                     | 17.5                       |

Aberdeen Commonwealth Income Fund, Inc. 9

Portfolio Composition (concluded)

### Quality of Investments

On July 31, 2001, 89.6% 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

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shows the asset quality of the Fund's portfolio as of July 31, 2001.

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

|                 | AAA/Aaa<br>% | AA/Aa<br>% | A<br>% | BBB/Baa<br>% | BB/Ba*<br>% |
|-----------------|--------------|------------|--------|--------------|-------------|
| Australia       | 88.6         | 11.4       | --     | --           | --          |
| Canada          | 23.8         | 67.7       | 8.5    | --           | --          |
| New Zealand     | 54.0         | 35.6       | 10.4   | --           | --          |
| United Kingdom  | 66.1         | 23.7       | 10.2   | --           | --          |
| United States   | 100.0        | --         | --     | --           | --          |
| Asia            | 21.5         | --         | 11.6   | 66.9         | --          |
| Total Portfolio | 54.8         | 34.8       | 7.0    | 3.4          | --          |

\* Below investment grade.

10 Aberdeen Commonwealth Income Fund, Inc.

### Market Review and Outlook

#### AUSTRALIA

The benchmark 10-year bond yield rose from 5.78% to 6.09% over the quarter ended July 31, 2001. Bank bill yields rose slightly over the quarter, closing at 5.06%.

Interest rate differentials between U.S. and Australian interest rates have continued to widen, reaching levels not seen since the mid 1990's. As the market continues to anticipate more easing initiatives in the U.S., interest rate differentials should be a key source of support to the Australian dollar in the near term, as will the likelihood of stronger growth momentum in the domestic economy relative to the U.S.

The Australian dollar fluctuated marginally during the quarter to July 31, 2001 closing at US\$0.51.

#### CANADA

The Bank of Canada ("BoC") expects GDP growth to be between 2%-3% this year, which is above the expected 1.9% growth in the U.S. BoC Governor Dodge has stressed that the main risk to Canada's economic outlook is that the U.S. recovery may be delayed. If external demand remains sluggish, both the inventory build-up and the slowdown in household asset accumulation, which have sustained growth in the face of a deteriorating global economic environment, will become significant liabilities. In such an environment the Investment Manager believes the BoC will have to cut rates more aggressively.

The Canadian dollar remained stable over the quarter, closing at \$0.65.

#### NEW ZEALAND

With consumer and business confidence strengthening and the outlook for New Zealand's major trading partner, Australia, improving, the Investment Manager expects that a rebound in New Zealand's growth is likely in the medium term. The Reserve Bank of New Zealand ("RBNZ") has seen New Zealand's easing cycle lag the rest of the dollar bloc. Headline inflation pressures appear to be peaking which

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should provide the RBNZ with greater room to move in coming months, while slowing global growth is also likely to remain a key concern.

The New Zealand dollar remained stable over the quarter, closing at \$0.41.

Aberdeen Commonwealth Income Fund, Inc. 11

### Market Review and Outlook (concluded)

#### UNITED KINGDOM

The quarter ended July 31, 2001 saw signs of developing weakness within the UK's consumer related sectors, and the manufacturing sector continued to remain weak. The Investment Manager believes that the Bank of England will continue to ease monetary policy against a background of slow world growth in the second half of the year.

The pound remained stable against the U.S. dollar over the quarter, to close at \$1.43.

#### ASIA

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

Asian domestic bond yields gave a mixed performance over the quarter ended July 31, 2001. While 10-year bond yields rose in Thailand and the Phillipines, those in Malaysia and South Korea fell over the period. U.S.\$ denominated Asian bond yields (Yankees) fell over the quarter ended July 31, 2001, in line with falling U.S. interest rates.

As Asian currencies came under pressure from fears of a harder global landing, Asian credit spreads widened through late 2000. However, the easing of monetary policy by the U.S. Federal Reserve has had a positive influence on riskier investment markets globally, benefiting Asian markets in particular.

##### Currencies

Asian currencies were lackluster against the U.S. dollar over the quarter. The Malaysian ringgit remained pegged to the U.S. dollar.

12 Aberdeen Commonwealth Income Fund, Inc.

### Summary of Key Rates

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

|                   | July 31, 2001 | April 30, 2001 | July 31, 2000 |
|-------------------|---------------|----------------|---------------|
| Australia         |               |                |               |
| 90 day bank bills | 5.06%         | 4.89%          | 6.35%         |
| 10 year bonds     | 6.09%         | 5.78%          | 6.24%         |
| Australian Dollar | \$ 0.51       | \$ 0.51        | \$ 0.58       |
| Canada            |               |                |               |
| 90 day bank bills | 4.03%         | 4.44%          | 5.65%         |



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|                     |               |               |               |
|---------------------|---------------|---------------|---------------|
| 10 year bonds       | 5.66%         | 5.79%         | 5.89%         |
| Canadian Dollar     | \$ 0.65       | \$ 0.65       | \$ 0.67       |
| New Zealand         |               |               |               |
| 90 day bank bills   | 5.81%         | 5.84%         | 6.87%         |
| 10 year bonds       | 6.69%         | 6.59%         | 6.71%         |
| NZ Dollar           | \$ 0.41       | \$ 0.41       | \$ 0.45       |
| United Kingdom      |               |               |               |
| 90 day bank bills   | 4.95%         | 5.58%         | 5.90%         |
| 10 year bonds       | 5.01%         | 5.12%         | 5.22%         |
| British Pound       | \$ 1.43       | \$ 1.43       | \$ 1.50       |
| South Korea         |               |               |               |
| 90 day bank bills   | 5.23%         | 6.10%         | 7.38%         |
| 5 year bonds        | 6.78%         | 7.85%         | 8.28%         |
| South Korean Won*   | (won) 1298    | (won) 1315    | (won) 1117    |
| Thailand            |               |               |               |
| 90 day bank bills   | 3.38%         | 2.50%         | 3.38%         |
| 10 year bonds       | 6.30%         | 5.05%         | 5.65%         |
| Thai Baht*          | (baht) 45.7   | (baht) 45.6   | (baht) 41     |
| Philippines         |               |               |               |
| 90 day bank bills   | 9.78%         | 10.78%        | 9.21%         |
| 10 year bonds       | 15.99%        | 15.81%        | 14.57%        |
| Philippines Peso*   | (peso) 53.55  | (peso) 51.4   | (peso) 45     |
| Malaysia            |               |               |               |
| 90 day bank bills   | 3.45%         | 3.45%         | 3.25%         |
| 10 year bonds       | 4.17%         | 4.50%         | 5.77%         |
| Malaysian Ringgit*  | (ringgit) 3.8 | (ringgit) 3.8 | (ringgit) 3.8 |
| Singapore           |               |               |               |
| 90 day bank bills   | 4.03%         | 4.44%         | 2.26%         |
| 10 year bonds       | 4.14%         | 4.14%         | 4.53%         |
| Singapore Dollar*   | S\$ 1.80      | S\$ 1.82      | S\$ 1.73      |
| US\$ Yankee Bonds** |               |               |               |
| South Korea         | 6.40%         | 7.04%         | 8.20%         |
| Malaysia            | 7.19%         | 7.47%         | 8.07%         |
| Philippines         | 10.15%        | 10.58%        | 11.14%        |
| Hong Kong           | 6.28%         | 6.66%         | 7.76%         |

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

\*\* Sovereign issues.

Aberdeen Asset Managers (C.I.) Limited  
September 2001

Aberdeen Commonwealth Income Fund, Inc. 13

Portfolio of Investments (unaudited)

As of July 31, 2001

Principal  
Amount

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| Local<br>Currency (a)<br>(000) | Description  | Value<br>(US\$) |
|--------------------------------|--|-----------------|
| LONG-TERM INVESTMENTS--87.3%   |  |                 |
| AUSTRALIA--23.1%               |  |                 |
| Government Bonds--7.4%         |  |                 |
| A\$                            |  |                 |
|                                | Commonwealth of Australia,   |                 |
| 1,500                          | 12.00%, 11/15/01 .....   | 776,374         |
| 3,000                          | 10.00%, 10/15/02 .....   | 1,608,437       |
| 2,000                          | 9.50%, 8/15/03 .....   | 1,092,151       |
| 1,000                          | 10.00%, 2/15/06 .....  | 590,323         |
| 1,000                          | 10.00%, 10/15/07 .....   | 613,021         |
| 3,000                          | 8.75%, 8/15/08 .....   | 1,758,371       |
| 2,500                          | 7.50%, 9/15/09 .....   | 1,384,595       |
| 1,500                          | 6.75%, 11/15/06 .....  | 791,370         |
| 500                            | 6.50%, 5/15/13 .....   | 260,231         |
|                                | Total Australian<br>government bonds<br>(cost US\$11,921,696) .....        | 8,874,873       |
| Semi-Government Bonds--10.1%   |  |                 |
| New South Wales--3.9%          |  |                 |
|                                | New South Wales Treasury<br>Corporation,                                   |                 |
| 2,000                          | 8.00%, 12/01/01 .....  | 1,024,387       |
| 1,500                          | 7.00%, 4/01/04 .....   | 782,511         |
| 4,200                          | 12.00%,12/01/10 .....  | 2,229,949       |
|                                | First Australian National<br>Mortgage Acceptance<br>Corporation, Series 22 |                 |
| 1,288                          | 11.40%, 12/15/01 .....   | 668,208         |
|                                |  | 4,705,055       |
| Queensland--3.1%               |  |                 |
|                                | Queensland Treasury<br>Corporation,  |                 |
| 3,000                          | 8.00%, 8/14/01 .....   | 1,522,859       |
| 2,000                          | 8.00%, 5/14/03 (Global) .....  | 1,058,329       |
| 1,000                          | 8.00%, 9/14/07 (Global) .....  | 553,577         |
| 1,250                          | 6.00%, 6/14/21 .....   | 598,303         |
|                                |  | 3,733,068       |
| Victoria--1.5%                 |  |                 |
|                                | State Electricity Commission<br>of Victoria,                               |                 |
| 535                            | 10.50%, 5/27/03 .....  | 293,258         |
|                                | Treasury Corporation of Victoria,  |                 |
| 1,000                          | 9.00%, 6/27/05 .....   | 553,350         |
| 1,500                          | 10.25%, 11/15/06 .....   | 916,161         |
|                                |  | 1,762,769       |
| Western Australia--1.6%        |  |                 |

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|       |  |            |
|-------|--|------------|
|       | Western Australia Treasury Corporation,                            |            |
| 3,500 | 8.00%, 6/15/13 .....   | 2,003,104  |
|       |  | -----      |
|       | Total Australian semi-government bonds (cost US\$15,092,518) ..... | 12,203,996 |
|       |  | -----      |

14 Aberdeen Commonwealth Income Fund, Inc.

Portfolio of Investments (unaudited) (continued)

As of July 31, 2001

| Principal Amount          | Local Currency (a) (000) | Description   | Value (US\$) |
|---------------------------|--------------------------|---|--------------|
|                           |                          |   | -----        |
| Supranational--2.5%       |                          |   |              |
| A\$                       |                          |   |              |
| 3,500                     |                          | Eurofima, 9.875%, 1/17/07 .....   | 2,055,554    |
| 2,000                     |                          | Federal National Mortgage Association, Series EMTN, 6.375%, 8/15/07 ..... | 1,020,746    |
|                           |                          |   | -----        |
|                           |                          | Total Australian supranational bonds (cost US\$3,221,165) .....           | 3,076,300    |
|                           |                          |   | -----        |
| Utilities--0.9%           |                          |   |              |
| 2,000                     |                          | Telstra Corp., 11.50%, 10/15/02 .....                                     | 1,081,941    |
|                           |                          |   | -----        |
|                           |                          | Total Australian utility bonds (cost US\$1,745,314) .....                 | 1,081,941    |
|                           |                          |   | -----        |
| Banking and Finance--0.2% |                          |   |              |
| 500                       |                          | ING Mercantile Mutual Bank Ltd., 7.125%, 3/13/02 .....                    | 256,065      |
|                           |                          |   | -----        |
|                           |                          | Total Australian banking and finance bonds (cost US\$379,513) .....       | 256,065      |
|                           |                          |   | -----        |
| Corporate Non-Banks--2.0% |                          |   |              |
| 4,000                     |                          | Brisbane Airport Corporation, Ltd. 7.30%, 6/30/10 .....                   | 2,073,944    |
| 600                       |                          | GE Capital Australia, 6.75%, 9/15/07 .....                                | 308,066      |
|                           |                          |   | -----        |
|                           |                          | Total Australian corporate non-bank bonds (cost US\$2,507,020) .....      | 2,382,010    |

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|                         |   |            |
|-------------------------|---|------------|
| -----                   |   |            |
|                         | Total Australian long-term investments<br>(cost US\$34,867,226) ..... | 27,875,185 |
| -----                   |   |            |
| CANADA--28.0%           |   |            |
| Government Bonds--20.7% |   |            |
| C\$                     |   |            |
|                         | Canadian Government,  |            |
| 6,000                   | 8.50%, 4/01/02 .....  | 4,036,574  |
| 5,000                   | 5.25%, 9/01/03 .....  | 3,304,534  |
| 2,500                   | 7.25%, 6/01/07 .....  | 1,783,074  |
| 2,000                   | 5.50%, 6/01/09 .....  | 1,300,445  |
| 1,000                   | 10.75%, 10/01/09 .....  | 868,562    |
| 3,000                   | 10.25%, 3/15/14 .....   | 2,739,885  |
| 4,000                   | 8.00%, 6/01/23 .....  | 3,257,289  |
| 8,000                   | 9.00%, 6/01/25 .....  | 7,185,606  |
|                         | Canada (Cayman),  |            |
| 750                     | 7.25%, 6/01/08 .....  | 526,386    |
| -----                   |   |            |
|                         | Total Canadian Government Bonds<br>(cost US\$27,430,622) .....        | 25,002,355 |
| -----                   |   |            |

Aberdeen Commonwealth Income Fund, Inc. 15

Portfolio of Investments (unaudited) (continued)

As of July 31, 2001

| Principal Amount            |                               | Value     |
|-----------------------------|-------------------------------|-----------|
| Local Currency (a)          | Description                   | (US\$)    |
| (000)                       |                               |           |
| -----                       |                               |           |
| Semi-Government Bonds--6.1% |                               |           |
| British Columbia--1.9%      |                               |           |
| C\$                         |                               |           |
|                             | Province of British Columbia, |           |
| 1,000                       | 10.15%, 8/29/01 .....         | 656,621   |
| 2,000                       | 9.50%, 1/09/12 .....          | 1,642,044 |
| -----                       |                               |           |
| 2,298,665                   |                               |           |
| -----                       |                               |           |
| Ontario--0.9%               |                               |           |
|                             | Ontario Hydro,                |           |
| 500                         | 8.50%, 5/26/25 .....          | 406,778   |
|                             | Province of Ontario,          |           |
| 1,000                       | 8.75%, 4/22/03 .....          | 697,507   |
| -----                       |                               |           |
| 1,104,285                   |                               |           |
| -----                       |                               |           |
| Quebec--2.9%                |                               |           |
|                             | Quebec Hydro,                 |           |

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|                           |   |            |
|---------------------------|---|------------|
| 1,500                     | 7.00%, 6/01/04 .....  | 1,028,138  |
| 1,000                     | 4.24%, 1/28/05 (b) .....  | 654,734    |
| 2,000                     | 9.625%, 7/15/22 .....   | 1,740,618  |
|                           |   | -----      |
|                           |   | 3,423,490  |
|                           |   | -----      |
| Toronto--0.4%             |   |            |
|                           | Metropolitan Municipality<br>of Toronto,                                |            |
| 750                       | 9.625%, 5/14/02 .....   | 509,949    |
|                           |   | -----      |
|                           | Total Canadian semi-<br>government bonds<br>(cost US\$8,000,142) .....  | 7,336,389  |
|                           |   | -----      |
| Utilities--0.3%           |   |            |
|                           | Bell Telephone Company<br>of Canada,                                    |            |
| 500                       | 10.50%, 7/15/09 .....   | 347,173    |
|                           |   | -----      |
|                           | Total Canadian utility bonds<br>(cost US\$433,599) .....                | 347,173    |
|                           |   | -----      |
| Banking and Finance--0.6% |   |            |
|                           | Credit Local de France,   |            |
| 1,000                     | 6.75%, 3/21/06 .....  | 680,345    |
|                           |   | -----      |
|                           | Total Canadian banking<br>and finance bonds<br>(cost US\$708,294) ..... | 680,345    |
|                           |   | -----      |
| Corporate Non-Banks--0.3% |   |            |
|                           | Procter & Gamble Company,   |            |
| 500                       | 10.875%, 8/15/01 .....  | 327,806    |
|                           |   | -----      |
|                           | Total Canadian corporate<br>non-bank bonds<br>(cost US\$453,347) .....  | 327,806    |
|                           |   | -----      |
|                           | Total Canadian long-<br>term investments<br>(cost US\$37,026,004) ..... | 33,694,068 |
|                           |   | -----      |

16 Aberdeen Commonwealth Income Fund, Inc.

Portfolio of Investments (unaudited) (continued)

As of July 31, 2001

| Principal<br>Amount<br>Local<br>Currency (a)<br>(000) | Description | Value<br>(US\$) |
|---|-------------|-----------------|
|---|-------------|-----------------|

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|                             |  |           |
|-----------------------------|--|-----------|
| -----                       |  |           |
| MALAYSIA--0.6%              |  |           |
| Semi-Government Bonds--0.6% |  |           |
| MYR                         |  |           |
| 3,100                       | Danamodal Nasional Berhad,<br>0.00%, 10/21/03 .....                        | 756,827   |
|                             |  | -----     |
|                             | Total Malaysia<br>long-term investments<br>(cost US\$731,228) .....        | 756,827   |
|                             |  | -----     |
| NEW ZEALAND--2.4%           |  |           |
| Government Bonds--0.4%      |  |           |
| NZ\$                        |  |           |
| 1,000                       | Canadian Government,<br>6.625%, 10/03/07 .....                             | 402,758   |
|                             |  | -----     |
|                             | Total New Zealand<br>government bonds<br>(cost US\$557,544) .....          | 402,758   |
|                             |  | -----     |
| Utilities--1.3%             |  |           |
| 1,750                       | Electricity Corporation of<br>New Zealand Ltd.,<br>10.00%, 10/15/01 .....  | 725,371   |
| 1,000                       | 8.00%, 2/15/03 .....   | 422,171   |
| 1,000                       | TCNZ Finance Limited,<br>9.25%, 7/01/02 .....                              | 420,720   |
|                             |  | -----     |
|                             | Total New Zealand<br>utility bonds<br>(cost US\$2,335,406) .....           | 1,568,262 |
|                             |  | -----     |
| Banking and Finance--0.2%   |  |           |
| 500                         | Transpower Finance Ltd.,<br>8.00%, 6/15/05 .....                           | 212,643   |
|                             |  | -----     |
|                             | Total New Zealand<br>banking and finance bonds<br>(cost US\$348,382) ..... | 212,643   |
|                             |  | -----     |
| Corporate Non-Banks--0.5%   |  |           |
| 1,500                       | Housing New Zealand,<br>8.00%, 11/15/06 .....                              | 645,494   |
|                             |  | -----     |
|                             | Total New Zealand<br>corporate non-bank bonds<br>(cost US\$806,899) .....  | 645,494   |
|                             |  | -----     |
|                             | Total New Zealand<br>long-term investments<br>(cost US\$4,048,231) .....   | 2,829,157 |
|                             |  | -----     |
| PHILIPPINES--0.1%           |  |           |
| Government Bonds--0.1%      |  |           |
| PHP                         |  |           |

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|       |   |         |
|-------|---|---------|
| 7,000 | Philippine Government,<br>16.50%, 2/25/09 .....                       | 136,612 |
|       |   | -----   |
|       | Total Philippine<br>long-term investments<br>(cost US\$204,198) ..... | 136,612 |
|       |   | -----   |

Aberdeen Commonwealth Income Fund, Inc. 17

Portfolio of Investments (unaudited) (continued)

As of July 31, 2001

| Principal<br>Amount<br>Local<br>Currency (a)<br>(000) | Description   | Value<br>(US\$) |
|---|---|-----------------|
| -----   |   |                 |
| SINGAPORE--0.5%                                       |   |                 |
| Government Bonds--0.4%                                |   |                 |
| SGD   |   |                 |
|   | Singapore Government,   |                 |
| 100   | 3.00%, 11/01/02 .....   | 56,043          |
| 540   | 4.00%, 2/01/05 .....  | 312,085         |
| 50  | 4.00%, 3/01/07 .....  | 28,924          |
| 70  | 4.625%, 7/01/10 .....   | 42,031          |
|   |   | -----           |
|   | Total Singapore<br>government bonds<br>(cost US\$444,965) .....         | 439,083         |
|   |   | -----           |
| Utilities--0.1%                                       |   |                 |
|   | Singapore Power,  |                 |
| 250   | 4.60%, 9/21/07 .....  | 147,315         |
|   |   | -----           |
|   | Total Singapore corporate<br>non-bank bonds<br>(cost US\$144,047) ..... | 147,315         |
|   |   | -----           |
|   | Total Singapore<br>long-term investments<br>(cost US\$589,012) .....    | 586,398         |
|   |   | -----           |
| SOUTH KOREA--3.0%                                     |   |                 |
| Government Bonds--1.3%                                |   |                 |
| US\$  |   |                 |
|   | EMBARC Ltd. Linked Note<br>Series 1-9,                                  |                 |
| 2,000   | 5.605%, 8/18/03 (b) (c) .....   | 1,603,380       |
|   |   | -----           |
| Government Banks--1.7%                                |   |                 |
|   | EMBARC Ltd. Linked Note<br>Series 1-7,                                  |                 |
| 2,600   | 5.065%, 6/28/02 (b) (d) .....   | 2,032,732       |

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|  |   |           |
|--|---|-----------|
|  | Total Korean long-term investments<br>(cost US\$4,187,285) .....    | 3,636,112 |
| -----  |   |           |
| THAILAND--0.5%                                   |   |           |
| Government Bonds--0.3%                           |   |           |
| THB  |   |           |
|  | Thailand Government,  |           |
| 5,000  | 6.125%, 4/12/02 (e) .....   | 111,692   |
| 550  | 8.25%, 10/14/03 (e) .....   | 13,133    |
| 12,000   | 8.00%, 12/08/06 (e) .....   | 295,300   |
| -----  |   |           |
|  | Total Thailand government bonds<br>(cost US\$491,869) .....         | 420,125   |
| -----  |   |           |
| Utilities--0.1%                                  |   |           |
|  | Eastern Water Resources Development and Management Company Limited, |           |
| 4,000  | 9.00%, 7/22/04 (e) .....  | 95,793    |
| -----  |   |           |
|  | Total Thailand utility bonds<br>(cost US\$102,863) .....            | 95,793    |
| -----  |   |           |
| 18 Aberdeen Commonwealth Income Fund, Inc.       |   |           |
| Portfolio of Investments (unaudited) (continued) |   |           |
| As of July 31, 2001                              |   |           |
| Principal Amount                                 |   |           |
| Local Currency (a)                               |   | Value     |
| (000)  | Description   | (US\$)    |
| -----  |   |           |
| Corporate Non-Banks--0.1%                        |   |           |
| THB  |   |           |
|  | Advanced Info Service Public Company Limited,                       |           |
| 5,200  | 6.50%, 3/20/03 (e) .....  | 116,671   |
| -----  |   |           |
|  | Total Thailand corporate non-bank bonds<br>(cost US\$137,821) ..... | 116,671   |
| -----  |   |           |
|  | Total Thailand long-term investments<br>(cost US\$732,553) .....    | 632,589   |
| -----  |   |           |
| UNITED KINGDOM--29.1%                            |   |           |
| Government Bonds--21.8%                          |   |           |
| (pound)  |   |           |



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|       |   |             |
|-------|---|-------------|
|       | United Kingdom Treasury,  |             |
| 1,000 | 7.00%, 11/06/01 .....   | 1,432,119   |
| 1,500 | 8.00%, 6/10/03 .....  | 2,245,477   |
| 500   | 5.00%, 6/07/04 .....  | 709,328     |
| 1,250 | 8.50%, 12/07/05 .....   | 2,006,682   |
| 1,100 | 7.50%, 12/07/06 .....   | 1,730,987   |
| 500   | 5.75%, 12/07/09 .....   | 742,672     |
| 1,500 | 8.00%, 9/27/13 .....  | 2,704,727   |
| 600   | 8.00%, 12/07/15 .....   | 1,113,201   |
| 3,000 | 8.00%, 6/07/21 .....  | 5,930,561   |
| 2,350 | 6.00%, 12/07/28 .....   | 3,960,918   |
|       | Republic of Finland,  |             |
| 1,000 | 8.00%, 4/07/03 .....  | 1,477,327   |
| 1,250 | 10.125%, 6/22/08 .....  | 2,208,561   |
|       |   | -----       |
|       | Total United Kingdom<br>government bonds<br>(cost US\$29,695,584) .....         | 26,262,560  |
|       |   | -----       |
|       | Utilities--3.1%   |             |
|       | British Gas PLC,  |             |
| 1,400 | 8.875%, 7/08/08 .....   | 2,289,865   |
|       | Thames Water Utilities<br>Finance PLC,  |             |
| 1,000 | 10.50%, 11/21/01 .....  | 1,443,902   |
|       |   | -----       |
|       | Total United Kingdom<br>utility bonds<br>(cost US\$4,037,849) .....             | 3,733,767   |
|       |   | -----       |
|       | Banking and Finance--4.2%   |             |
|       | Abbey National Treasury<br>Services PLC,  |             |
| 1,250 | 8.00%, 4/02/03 .....  | 1,843,879   |
|       | Barclays Bank PLC,  |             |
| 1,000 | 9.875%, 5/29/49 .....   | 1,711,879   |
|       | Lloyds Bank PLC,  |             |
| 500   | 7.375%, 3/11/04 .....   | 740,257     |
|       | Prudential Finance B.V.,  |             |
| 500   | 9.375%, 6/04/07 .....   | 826,133     |
|       |   | -----       |
|       | Total United Kingdom<br>banking and finance bonds<br>(cost US\$5,055,633) ..... | 5,122,148   |
|       |   | -----       |
|       | Total United Kingdom<br>long-term investments<br>(cost US\$38,789,066) .....    | 35,118,475  |
|       |   | -----       |
|       | Total long-term investments<br>(cost US\$121,174,803) .....                     | 105,265,423 |
|       |   | -----       |

Aberdeen Commonwealth Income Fund, Inc. 19

Portfolio of Investments (unaudited) (continued)

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As of July 31, 2001

| Principal<br>Amount<br>Local<br>Currency (a)<br>(000) | Description   | Value<br>(US\$) |
|---|---|-----------------|
| SHORT-TERM INVESTMENTS--17.6%                         |   |                 |
| Australia--0.1%                                       |   |                 |
| A\$   |   |                 |
| 170   | Banque Nationale de Paris<br>Fixed Deposit,<br>5.75%, 8/01/01<br>(cost US\$86,489) .....  | 86,489          |
| Canada--8.9%  |   |                 |
| C\$   |   |                 |
| 8,180   | State Street Bank and<br>Trust Company Time Deposit,<br>4.20%, 8/01/01 .....  | 5,352,002       |
| 8,200   | 4.20%, 8/08/01 .....  | 5,365,088       |
|   | (cost US\$10,678,847) .....   | 10,717,090      |
| New Zealand--2.8%                                     |   |                 |
| NZ\$  |   |                 |
| 4,115   | State Street Bank and<br>Trust Company Time Deposit,<br>5.15%, 8/01/01 .....  | 1,692,088       |
| 4,119   | 5.15%, 8/08/01 .....  | 1,693,733       |
|   | (cost US\$3,382,117) .....  | 3,385,821       |
| United Kingdom--1.8%                                  |   |                 |
| (pound)   |   |                 |
| 1,544   | State Street Bank and<br>Trust Company Fixed Deposit<br>5.125%, 8/01/01<br>(cost US\$2,204,215) .....   | 2,200,509       |
| United States--4.0%                                   |   |                 |
| US\$  |   |                 |
| 4,786   | Repurchase Agreement,<br>State Street Bank and Trust<br>Company, 3.80% dated 7/31/01,<br>due 08/01/01 in the amount<br>of \$4,786,505 (collateralized<br>by \$4,455,000 U.S. Treasury<br>Bonds, 6.125% due 8/15/29;<br>value \$4,886,409)<br>(cost US\$4,786,000) ..... | 4,786,000       |
|   | Total short-term<br>investments<br>(cost US\$21,137,668)  | 21,175,909      |

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|  |               |
|--|---------------|
| Total Investments--104.9% (cost US\$142,312,471)                                 | 126,441,332   |
| Unrealized appreciation on forward foreign currency exchange contracts--0.0% (f) | (15,426)      |
| Liabilities in excess of other assets--(4.9%)                                    | (5,861,905)   |
| Total Net Assets--100.0%   | \$120,564,001 |

20 Aberdeen Commonwealth Income Fund, Inc.

Portfolio of Investments (unaudited) (concluded)

As of July 31, 2001

- (a) A\$--Australian dollar  
C\$--Canadian dollar  
KRW--South Korean Won  
MYR--Malaysian Ringgit  
NZ\$--New Zealand dollar  
PHP--Philippine peso  
SGD--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 July 31, 2001.
- (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 the forward currency exchange contracts.
- (f) Forward foreign currency exchange contracts entered into as of July 31, 2001 were as follows:

| Purchases            |                 |                 |             | Net Unrealized                 |
|----------------------|-----------------|-----------------|-------------|--------------------------------|
| Contracts to Receive | In exchange for | Settlement Date | Value       | Appreciation<br>(Depreciation) |
| PHP 17,972,500       | US\$350,000     | 08/24/01        | US\$334,356 | \$(15,644)                     |
| THB 1,836,800        | US\$ 40,000     | 08/16/01        | US\$ 40,146 | 146                            |
|                      |                 |                 |             | -----                          |
|                      |                 |                 |             | \$(15,498)                     |
|                      |                 |                 |             | -----                          |

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Sales

| Contracts to Deliver | In exchange for | Settlement Date | Value       | Net Unrealized Appreciation |
|----------------------|-----------------|-----------------|-------------|-----------------------------|
| THB 1,826,800        | US\$ 40,000     | 08/16/01        | US\$ 39,928 | \$ 72                       |
|                      |                 |                 | Total       | \$(15,426)                  |

Aberdeen Commonwealth Income Fund, Inc. 21

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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  
 Ouma Sananikone, Vice President and Chief Investment Officer  
 David Manor, Treasurer  
 Roy M. Randall, Secretary  
 Michael Karagianis, Assistant Vice President  
 Beverley Hendry, Assistant Treasurer  
 Timothy Sullivan, Assistant Treasurer  
 Allan S. Mostoff, Assistant Secretary  
 Margaret A. Bancroft, Assistant Secretary  
 Sander M. Bieber, Assistant Secretary  
 Christian Pittard, Assistant Secretary

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.

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Aberdeen Commonwealth Income Fund, Inc. 23

Corporate Information

Investment Manager  
 Aberdeen Asset Managers (C.I.) Limited  
 P.O. Box 578, 17 Bond Street  
 St. Helier, Jersey JE45XB

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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>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@aberdeen-asset.com   |

[LOGO]

Aberdeen  
ASSET MANAGERS

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 OMITTED]

Invests primarily in fixed-income securities  
denominated in the currencies of various  
Commonwealth Countries