

GLOBAL INCOME FUND



ANNUAL REPORT December 31, 2003

Independent Public Accountant
Tait, Weller & Baker

American Stock
Exchange Symbol:

GIF

11 Hanover Square
New York, NY 10005

1-800-278-4353

www.globalincomefund.net

This report, including the financial statements herein, is transmitted to the shareholders of the Fund for their information. The financial information included herein is taken from the records of the Fund. This is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report. Pursuant to Section 23 of the Investment Company Act of 1940, notice is hereby given that the Fund may in the future, purchase shares of its own common stock. These purchases may be made from time to time, at such times, and in such amounts, as may be deemed advantageous to the Fund, although nothing herein shall be considered a commitment to purchase such shares.

11 Hanover Square, New York, NY 10005
www.globalincomefund.net

January 29, 2004

Fellow Shareholders:

It is a pleasure to submit this 2003 Annual Report for Global Income Fund, and to welcome our new shareholders who find attractive the Fund's quality approach to global income investing.

2003 Market Total Return 17.25%

In 2003, the Fund had a market total return on the American Stock Exchange of 17.25% on a net asset return of 10.22% – a gratifying result in view of its primary objective of providing its shareholders a high level of current income, with capital appreciation as a secondary objective. In contrast, the Lehman Brothers Aggregate Bond Index returned 4.11% in the same period. Investing primarily in investment grade fixed income securities issued by governments and corporations throughout the world, the top three countries as of December 31, 2003 were United States, Germany and United Kingdom. At year end the Fund's portfolio was invested approximately 93% in bonds, notes, debentures, and trust certificates with an actual or deemed investment grade rating and 7% in actual or deemed investment grade preferred stocks. Of these holdings, approximately 50% were denominated in Eurodollars, 47% in U.S. dollars, and 3% in Australian dollars.

On June 25, 2003 the Federal Reserve Bank lowered the Federal Funds rate to 1% from 1.25% and the rate remained unchanged for the balance of 2003. Business investment in the third quarter and fourth quarter was strong. Likewise, consumer spending was strong in the third quarter. Yet, this spending weakened at the end of that third quarter and further weakened in the fourth quarter. Moreover, the economy recently passed the 40th straight month of manufacturing sector job losses and no substantial increases are anticipated. Against this mixed economic picture, the Fund's strategy was to improve the overall credit quality of the portfolio and increase Eurodollar denominated investments.

Looking ahead at the fixed income markets in 2004, we remain cautiously optimistic. In January 2004, the Federal Reserve bank left its short-term interest rate target at a 45-year low of 1%. While the Fed has now dropped the commitment it made five months previously to keep interest rates low for "a considerable period," the Fed did note that it can be "patient" in raising rates because inflation is low and the economy still has not fully recovered. Overall, we would agree with the Fed's economic outlook when it commented that "output is expanding briskly," and while "new hiring remains subdued, other indicators suggest an improvement in the labor market." Fragile is a word that seems appropriate for the economic recovery as well as the world we currently live in.

Dividend Distribution Policy

The Fund's revised managed distribution policy appears to be well received. The policy is intended to provide shareholders with a relatively stable cash flow and reduce or eliminate the Fund's market price discount to its net asset value per share. Under the current policy, distributions of approximately 7%

(compared to 10% previously) of the Fund's net asset value per share on an annual basis are intended to be paid primarily from ordinary income and any net capital gains, with the balance representing return of capital. This policy is subject to regular review at the Board's quarterly meetings and the amount of the distribution may vary depending on the net asset value per share at the time of declaration. Although the distribution rate may be further reduced reflecting low current yields, we continue to believe shares of the Fund are a sound value and attractive for portfolios seeking total return from capital appreciation and income.

Purchase Shares at an Attractive Discount

The Fund's current net asset value per share is \$5.21. With a recent closing on the American Stock Exchange of \$5.01, we believe this represents an important opportunity to purchase additional shares at an attractive discount from their underlying value. The Fund's Dividend Reinvestment Plan is an effective way to also add to your holding because quarterly dividend distributions are reinvested without charge, which can contribute importantly to growing your investment over time. Please call 1-800-278-4353 and an Investor Service Representative will be happy to assist you. We appreciate your support and look forward to serving your investment needs in the months and years ahead.

Sincerely,



Thomas B. Winmill
President



Marion E. Morris
Senior Vice President
Portfolio Manager

Schedule of Portfolio Investments – December 31, 2003

| <u>Par Value</u> | | <u>Market Value</u> |
|---------------------------------|--|---------------------|
| DEBT SECURITIES (93.18%) | | |
| Australia (8.37%) | | |
| A\$1,000,000 | BHP Finance Ltd., 6.25% Notes, due 8/15/08 | \$ 753,741 |
| \$1,000,000 | National Australia Bank, 8.60% Subordinated Notes, due 5/19/10..... | 1,239,941 |
| \$300,000 | Principal Financial Group, 8.20% Senior Notes, due 8/15/09..... | <u>355,773</u> |
| | | <u>2,349,455</u> |
| Canada (4.85%) | | |
| €1,000,000 | Province of Quebec, 5.50% Notes, due 2/05/10 | <u>1,361,883</u> |
| Chile (3.67%) | | |
| \$1,000,000 | Republic of Chile, 5.50% Bonds, due 1/15/13..... | <u>1,031,000</u> |
| France (4.62%) | | |
| €1,000,000 | Elf Aquitaine 4.50% Senior Unsubordinated Notes, due 3/23/09 | <u>1,295,969</u> |
| Germany (16.58%) | | |
| €500,000 | BMW Finance NV, 5% Medium Term Notes, due 8/06/18..... | 617,600 |
| €1,000,000 | KfW Kreditanstalt fuer Wiederaufbau, 5% Unsubordinated Notes, due 7/04/11 | 1,337,089 |
| €500,000 | Philips Electronics NV, 6.125% Senior Unsubordinated Notes, due 5/16/11 | 688,647 |
| €500,000 | RWE Finance BV, 5.375% Medium Term Notes, due 4/18/08..... | 669,772 |
| €1,000,000 | Siemens Financiering NV, 5.50% Company Guaranteed Notes, due 3/12/07..... | <u>1,340,637</u> |
| | | <u>4,653,745</u> |
| Italy (4.98%) | | |
| €1,000,000 | Republic of Italy, 5.75% Senior Unsubordinated Notes, due 7/25/16 | <u>1,396,635</u> |
| Japan (4.59%) | | |
| €1,000,000 | Toyota Motor Credit Corp., 4.125% Medium Term Notes, due 1/15/08 | <u>1,287,877</u> |
| Korea (1.87%) | | |
| \$500,000 | Korea Development Bank, 5.75% Notes, due 9/10/13 | <u>526,102</u> |
| Mexico (1.81%) | | |
| \$500,000 | United Mexican States, 4.625% Notes, due 10/08/08..... | <u>507,500</u> |
| Poland (3.57%) | | |
| \$1,000,000 | Republic of Poland, 5.25% Unsubordinated Notes, due 1/15/14..... | <u>1,002,500</u> |

Schedule of Portfolio Investments – December 31, 2003

| <u>Par Value</u> | | <u>Market Value</u> |
|---------------------------------|--|----------------------------|
| Sweden (4.78%) | | |
| €1,000,000 | Kingdom of Sweden, 5% Bonds, due 1/28/09 | \$ <u>1,342,225</u> |
| United Kingdom (8.80%) | | |
| \$1,000,000 | National Westminster Bank, 7.375% Subordinated Notes, due 10/01/09.. | 1,171,178 |
| €500,000 | Tesco PLC, 4.75% Medium Term Notes, due 4/13/10 | 647,440 |
| €500,000 | Vodafone Finance BV, 4.75% Bonds, due 5/27/09 | <u>651,813</u> |
| | | <u>2,470,431</u> |
| United States (24.69%) | | |
| \$1,065,000 | Beneficial Corp., 7.16% Notes, due 9/01/23..... | 1,186,049 |
| \$500,000 | CIT RV Trust 1998-A B 6.29% Subordinated Bonds, due 1/15/17..... | 519,862 |
| \$498,782 | Chase Commercial Mortgage Securities Corp., 2000-1 A1 7.656% Certificates, due 4/15/32..... | 540,731 |
| \$250,000 | Federal Farm Credit Bank, 4.73% Bonds, due 6/13/18 | 239,214 |
| \$500,000 | Ford Motor Credit Co., 7.375% Notes, due 10/28/09..... | 549,734 |
| \$456,911 | Freddie Mac REMIC 2687 Floater Certificates, due 2/15/33..... | 458,788 |
| €1,000,000 | General Electric Capital Corp., 5.125% Senior Unsubordinated Notes, due 3/04/09 | 1,336,303 |
| \$1,000,000 | U.S. Treasury Inflation Index Notes, 1.875%, due 7/15/13..... | 993,126 |
| \$500,000 | Waddell & Reed Financial, 7.50% Notes, due 1/18/06..... | 546,964 |
| \$500,000 | Weyerhaeuser Co., 7.25% Debentures, due 7/01/13..... | <u>558,705</u> |
| | | <u>6,929,476</u> |
| | Total Debt Securities (cost: \$24,769,789)..... | <u>26,154,798</u> |
| Shares | | |
| PREFERRED STOCKS (6.82%) | | |
| 5,000 | BAC Capital Trust II, 7.00%..... | 134,200 |
| 5,000 | BAC Capital Trust III, 7.00%..... | 134,400 |
| 25,000 | Corporate-Backed Trust Certificates, 8.20% | 667,250 |
| 20,000 | Disney (Walt) Company, 7.00%..... | 534,600 |
| 10,000 | General Motors Corp., 7.25%..... | 258,500 |
| 6,900 | Wells Fargo Capital Trust V, 7.00% | <u>185,265</u> |
| | Total Preferred Stocks (cost: \$1,797,500)..... | <u>1,914,215</u> |
| | Total Investments (cost: \$26,567,289) (100%) | <u>\$28,069,013</u> |

(1) Par value stated in currency indicated; market value stated in U.S. dollars.

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2003

ASSETS:

| | |
|---|-------------------|
| Investments at market value (cost: \$26,567,289) (note 1)..... | \$28,069,013 |
| Cash..... | 10,452 |
| Interest receivable | 637,079 |
| Other assets..... | <u>63,563</u> |
| Total assets..... | <u>28,780,107</u> |

LIABILITIES:

| | |
|------------------------------|---------------|
| Accrued expenses..... | 53,112 |
| Accrued management fees..... | <u>15,147</u> |
| Total liabilities..... | <u>68,259</u> |

NET ASSETS: (applicable to 5,565,396 shares outstanding:20,000,000 shares of \$.01 par value authorized)..... \$28,711,848

NET ASSET VALUE PER SHARE

(\$28,711,848 ÷ 5,565,396 shares outstanding) \$5.16

At December 31, 2003, net assets consisted of:

| | |
|---|---------------------|
| Paid-in capital..... | \$35,304,423 |
| Accumulated net realized loss on investments, foreign currencies and futures..... | (8,130,270) |
| Net unrealized appreciation on investments and foreign currencies..... | <u>1,537,695</u> |
| | <u>\$28,711,848</u> |

STATEMENT OF OPERATIONS

Year Ended December 31, 2003

INVESTMENT INCOME:

| | |
|------------------------------|------------------|
| Interest..... | \$1,262,804 |
| Dividends..... | <u>168,804</u> |
| Total investment income..... | <u>1,431,608</u> |

EXPENSES:

| | |
|--------------------------------------|----------------|
| Investment management (note 3)..... | 192,626 |
| Professional (note 3) | 107,685 |
| Registration (note 3)..... | 53,936 |
| Directors..... | 38,945 |
| Printing..... | 21,900 |
| Custodian..... | 11,531 |
| Transfer agent..... | 6,835 |
| Other..... | <u>13,273</u> |
| Total operating expenses..... | 446,731 |
| Loan interest and fees (note 5)..... | 855 |
| Total expenses..... | <u>447,586</u> |
| Net investment income..... | <u>984,022</u> |

REALIZED AND UNREALIZED GAIN

| | |
|--|--------------------|
| ON INVESTMENTS, FOREIGN CURRENCIES AND FUTURES: | |
| Net realized gain on investments..... | 231,336 |
| Unrealized appreciation on investments and foreign currencies during the year..... | <u>1,451,311</u> |
| Net realized and unrealized gain on investments and foreign currencies..... | <u>1,682,647</u> |
| Net increase in net assets resulting from operations..... | <u>\$2,666,669</u> |

STATEMENTS OF CHANGES IN NET ASSETS

For the Years Ended December 31, 2003 and 2002

| | <u>2003</u> | <u>2002</u> |
|---|---------------------|---------------------|
| OPERATIONS: | | |
| Net investment income..... | \$ 984,022 | \$ 1,538,797 |
| Net realized gain (loss) from security and foreign currency transactions | 231,336 | (967,432) |
| Unrealized appreciation (depreciation) on investments and foreign currencies | <u>1,451,311</u> | <u>(9,373)</u> |
| Net change in net assets resulting from operations..... | 2,666,669 | 561,992 |
| DISTRIBUTIONS TO SHAREHOLDERS: | | |
| Distributions to shareholders (\$0.22 and \$0.28 per share, respectively) | (1,215,358) | (1,538,797) |
| Tax return of capital to shareholders (\$0.14 and \$0.22 per share, respectively) | (767,761) | (1,158,289) |
| CAPITAL SHARE TRANSACTIONS: | | |
| Increase in net assets resulting from reinvestment of distributions (90,974 and 125,231 shares, respectively) (note 6) | <u>439,788</u> | <u>614,055</u> |
| Total change in net assets | 1,123,338 | (1,521,039) |
| NET ASSETS: | | |
| Beginning of period | <u>27,588,510</u> | <u>29,109,549</u> |
| End of period | <u>\$28,711,848</u> | <u>\$27,588,510</u> |

Notes to Financial Statements

(1) Global Income Fund, Inc., a Maryland corporation registered under the Investment Company Act of 1940, as amended, is a non-diversified, closed-end management investment company, whose shares are listed on the American Stock Exchange. The primary objective of the Fund is a high level of income and secondarily, capital appreciation. The Fund seeks to achieve its investment objectives by investing primarily in foreign and domestic fixed income securities. The Fund is subject to the risk of price fluctuations of the securities held in its portfolio which is generally a function of the underlying credit ratings of an issuer, currency denomination, duration, and yield of its securities, and general economic and interest rate conditions. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. With respect to security valuation, securities traded on a national securities exchange or the Nasdaq National Market System ("NMS") are valued at the last reported sales price on the day the valuations are made. Such securities that are not traded on a particular day and securities traded in the over-the-counter market that are not on NMS are valued at the mean between the current bid and asked prices. Certain of the securities in which the Fund invests are priced through pricing services which may utilize a matrix pricing system which takes into consideration factors such as yields, prices, maturities, call features and ratings on comparable securities. Bonds may be valued according to prices quoted by a dealer in bonds which offers pricing services. If market quotations are not available or deemed reliable, then such securities are valued as determined in good faith under the direction of or pursuant to procedures established by the Fund's Board of Directors. Debt obligations with remaining maturities of 60 days or less are valued at cost adjusted for amortization of premiums and accretion of discounts. Securities denominated in foreign currencies are translated into U.S. dollars at prevailing exchange rates. Forward contracts are marked to market and the change in market value is recorded by the Fund as an unrealized gain or loss. When a 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. The Fund could be exposed to risk if the counterparties are unable to meet the terms of the contracts or if the value of the currency changes unfavorably. Investment transactions are accounted for on the trade date (the date the order to buy or sell is executed). Interest income is recorded on the accrual basis. Discounts and premiums on securities purchased are amortized over the life of the respective securities. Dividends and distributions to shareholders are recorded on the ex-dividend date. In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) The Fund intends to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable investment income and net capital gains, if any, after utilization of any capital loss carryforward, to its shareholders and therefore no Federal income tax provision is required. At December 31, 2003, the Fund had an unused capital loss carryforward of approximately \$8,130,200 of which \$1,189,000 expires in 2004, \$214,000 in 2006, \$3,977,000 in 2007, \$1,381,000 in 2008, and \$1,369,200 in 2010. Based on Federal income tax cost of \$26,567,289, gross unrealized appreciation and gross unrealized depreciation were \$1,531,172 and \$29,448, respectively, at December 31, 2003. Distributions paid to shareholders during the year ended December 31, 2003 differ from net investment income and net gains (losses) from security, foreign currency, and futures transactions as determined for financial reporting purposes. These distributions are shown under "Distributions to Shareholders" in the Statements of Changes in Net Assets.

(3) The Fund retains CEF Advisers, Inc. as its Investment Manager. Under the terms of the Investment Management Agreement, the Investment Manager receives a management fee, payable monthly, based on the average weekly net assets of the Fund at the annual rate of 7/10 of 1% of the first \$250 million, 5/8 of 1% from \$250 million to \$500 million, and 1/2 of 1% over \$500 million. This fee is calculated by determining the average of net assets on each Friday of a month and applying the applicable rate to such aver-

age for the number of days in the month. Certain officers and directors of the Fund are officers and directors of the Investment Manager. The Fund reimbursed the Investment Manager \$56,540 for providing certain administrative and accounting services at cost for the year ended December 31, 2003.

(4) The Fund has an arrangement with its custodian and transfer agent whereby interest earned on uninvested cash balances was used to offset a portion of the Fund's expenses. Purchases and sales of securities other than short term notes aggregated \$37,972,669 and \$38,403,109, respectively, for the year ended December 31, 2003. A forward currency contract is an obligation to purchase or sell a specific currency for an agreed-upon price at a future date. The Fund could be exposed to risk if counterparties to the contracts are unable to meet the terms of their contracts. The Fund had no forward currency contracts outstanding at December 31, 2003.

(5) The Fund may borrow through a committed bank line of credit. At December 31, 2003, there was no balance outstanding and the interest rate was at the borrower's option of (i) Overnight Federal Funds or (ii) LIBOR (30, 60, 90 days), each as in effect from time to time, plus 0.75% per annum, calculated on the basis of actual days elapsed for a 360-day year. For the year ended December 31, 2003, the weighted average interest rate was 1.84% based on the balances outstanding during the period and the weighted average amount outstanding was \$44,719.

(6) The tax character of distributions paid to shareholders for the years ended December 31, 2003 and 2002 was follows:

| <u>Year</u> | <u>Ordinary income</u> | <u>Return of capital</u> | <u>Total</u> |
|-------------|------------------------|--------------------------|--------------|
| 2003 | \$1,215,358 | \$ 767,761 | \$1,983,119 |
| 2002 | 1,538,797 | 1,158,289 | 2,697,086 |

As of December 31, 2003, the components of distributable earnings on a tax basis were as follows:

| | |
|--|----------------------|
| Unrealized appreciation on investments and foreign securities | \$ 1,537,695 |
| Capital loss carryforwards | <u>(8,130,270)</u> |
| | <u>\$(6,592,575)</u> |

(7) Regarding concentration of credit risk, investing in securities of foreign issuers involves special risks which include changes in foreign exchange rates and the possibility of future adverse political and economic developments which could adversely affect the value of such securities. Moreover, securities of many foreign issuers and in foreign markets may be less liquid and their prices more volatile than those of U.S. issuers and markets.

(8) At December 31, 2003 there were 5,565,396 shares of \$.01 par value common stock outstanding (20,000,000 shares authorized). The shares issued and resulting increase in paid-in capital in connection with reinvestment of dividends from net investment income during the years ended December 31, 2003 and 2002 were as follows:

| | <u>Shares issued</u> | <u>Increase in paid-in capital</u> |
|-----------|----------------------|------------------------------------|
| 2003..... | 90,974 | \$439,788 |
| 2002..... | 125,231 | \$614,055 |

On December 10, 2003, the Fund filed with the Securities and Exchange Commission a registration statement relating to a non-transferable offering of rights exercisable for shares of the Fund (the "Offer"). The Board of Directors of the Fund authorized the filing of the registration statement, but has not, as of the date hereof, yet unconditionally approved the Offer or its final terms.

FINANCIAL HIGHLIGHTS

| | Years Ended December 31, | | | | Six Months Ended December | Year Ended June 30, |
|--|--------------------------|----------|----------|----------|---------------------------------|---------------------------|
| | 2003 | 2002 | 2001 | 2000 | 1999 | 1999 |
| PER SHARE DATA* | | | | | | |
| Net asset value at beginning of period | \$5.04 | \$5.44 | \$5.72 | \$5.77 | \$5.99 | \$6.93 |
| Income from investment operations: | | | | | | |
| Net investment income | .18 | .28 | .32 | .42 | .23 | .55 |
| Net realized and unrealized gain (loss) on investments..... | .30 | (.18) | (.04) | .11 | (.15) | (.81) |
| Total from investment operations | .48 | .10 | .28 | .53 | .08 | (.26) |
| Less distributions: | | | | | | |
| Distributions to shareholders..... | (.22) | (.28) | (.36) | (.42) | (.23) | (.55) |
| Tax return of capital to shareholders..... | (.14) | (.22) | (.20) | (.16) | (.07) | (.13) |
| Total distributions..... | (.36) | (.50) | (.56) | (.58) | (.30) | (.68) |
| Net asset value at end of period | \$5.16 | \$5.04 | \$5.44 | \$5.72 | \$5.77 | \$5.99 |
| Per share market value at end of period..... | \$5.01 | \$4.60 | \$4.91 | \$4.69 | \$4.44 | \$5.19 |
| TOTAL RETURN ON NET ASSET | | | | | | |
| VALUE BASIS (a) | 10.22% | 0.04% | 2.33% | 9.05% | 2.52% | (2.23)% |
| TOTAL RETURN ON MARKET VALUE BASIS (a) | 17.25% | 3.60% | 15.94% | 19.75% | (8.96)% | (8.85)% |
| RATIOS/SUPPLEMENTAL DATA | | | | | | |
| Net assets at end of period (000's omitted) | \$28,712 | \$27,589 | \$29,110 | \$29,783 | \$29,060 | \$29,600 |
| Ratio of expenses before loan interest, commitment fees and nonrecurring expenses | 1.61% | 1.44% | 1.72% | 1.38% | 1.48%** | 1.46% |
| Ratio of total expenses to average net assets (b) | 1.61% | 1.44% | 1.73% | 2.69% | 2.26%** | 2.45% |
| Ratio of net investment income to average net assets | 3.54% | 5.35% | 5.94% | 8.31% | 9.21%** | 8.95% |
| Portfolio turnover rate | 146% | 162% | 160% | 259% | 115% | 183% |

* Per share income and operating expenses and net realized and unrealized gain (loss) on investments have been computed using the average number of shares outstanding. These computations had no effect on net asset value per share.

** Annualized.

(a) Total return on market value basis 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 purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Generally, total return on net asset value basis will be higher than total return on market value basis in periods 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 periods. Conversely, total return on net asset value basis will be lower than total return on market value basis 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 periods. Total return calculated for a period of less than one year is not annualized. The calculation does not reflect brokerage commissions, if any.

(b) Ratio after custodian credits was 1.72%, 2.66%, 2.24%**, and 2.43% for the years ended December 31, 2001, and 2000, the six months ended December 31, 1999 and the year ended June 30, 1999, respectively. There were no custodian credits for the years ended December 31, 2003 and 2002.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANT

To the Board of Directors and Shareholders of Global Income Fund, Inc.:

We have audited the accompanying statements of assets and liabilities of Global Income Fund, Inc., including the schedule of portfolio investments as of December 31, 2003 and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods indicated thereon. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2003, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Global Income Fund, Inc. as of December 31, 2003, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the periods indicated thereon, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER

Philadelphia, Pennsylvania
January 22, 2004

RESULTS OF THE ANNUAL MEETING

The Fund's Annual Meeting was held on September 4, 2003 at the American Stock Exchange, 86 Trinity Place, New York, New York for the purpose of electing the following director to serve as follows with the votes received as set forth below:

| <u>Director</u> | <u>Class</u> | <u>Term</u> | <u>Expiring</u> | <u>Votes For</u> | <u>Votes Withheld</u> |
|-----------------|--------------|-------------|-----------------|------------------|-----------------------|
| Peter K. Werner | 1 | 5 years | 2008 | 5,257,043 | 117,070 |

Directors whose term of office continued after the meeting are George B. Langa, David R. Stack, Bassett S. Winmill, and Thomas B. Winmill.

HISTORICAL DISTRIBUTION SUMMARY

| <u>Period</u> | <u>Investment Income</u> | <u>Return of Capital</u> | <u>Total</u> |
|-------------------------------|------------------------------|----------------------------------|--------------|
| 2003 | \$0.22 | \$0.14 | \$0.36 |
| 2002 | \$0.28 | \$0.22 | \$0.50 |
| 2001 | \$0.36 | \$0.20 | \$0.56 |
| 2000 | \$0.42 | \$0.16 | \$0.58 |
| 6 Months Ended 12/31/99 | \$0.23 | \$0.07 | \$0.30 |
| 12 Months Ended 6/30/99 | \$0.55 | \$0.13 | \$0.68 |
| 12 Months Ended 6/30/98 | \$0.52 | \$0.32 | \$0.84 |

MANAGED DISTRIBUTION

The Board's current policy is to provide investors with a stable quarterly 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 net income is determined on an annual basis and is dependent during the fiscal period on the aggregate gains and losses realized by the Fund and, to a lesser extent, the actual exchange rate between the U.S. dollar and the currencies in which Fund assets are denominated. Therefore, the exact amount of distributable income can only be determined as of the end of the Fund's fiscal period. Under the U.S. Investment Company Act of 1940, however, the Fund is required to indicate the source of each distribution to shareholders. The Fund estimates that distributions for the fiscal period commencing January 1, 2004, including the distributions paid quarterly, are comprised approximately half of net investment income and the balance from paid-in capital. This estimated distribution composition may vary from quarter to quarter because it may be materially impacted by future realized gains and losses on securities and fluctuations in the value of currencies in which Fund assets are denominated. In January after each fiscal period, 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.

PROXY VOTING

The Fund's Proxy Voting Guidelines (the "Guidelines") are available without charge, by calling the Fund collect at 1-212-635-0671. The Guidelines are also posted on <http://www.globalincomefund.net>, the Fund's website, and are available on the SEC's website at <http://sec.gov>.

DIVIDEND REINVESTMENT PLAN

The Fund has adopted a Dividend Reinvestment Plan (the "Plan"). Under the Plan, each dividend and capital gain distribution, if any, declared by the Fund on outstanding shares will, unless elected otherwise by each shareholder by notifying the Fund in writing at any time prior to the record date for a particular dividend or distribution, be paid on the payment date fixed by the Board of Directors or a committee thereof in additional shares. If the Market Price (as defined below) per share is equal to or exceeds the net asset value per share at the time shares are valued for the purpose of determining the number of shares equivalent to the cash dividend or capital gain distribution (the "Valuation Date"), participants will be issued additional shares equal to the amount of such dividend divided by the greater of that NAV per share or 95% of that Market Price per share. If the Market Price per share is less than such net asset value on the Valuation Date, participants will be issued additional shares equal to the amount of such dividend divided by the Market Price. The Valuation Date is the day before the dividend or distribution payment date or, if that day is not an American Stock Exchange trading day, the next trading day. For all purposes of the Plan: (a) the Market Price of the shares on a particular date shall be the average closing market price on the five trading days the shares traded ex-dividend on the Exchange prior to such date or, if no sale occurred on any of these days, then the mean between the closing bid and asked quotations for the shares on the Exchange on such day, and (b) net asset value per share on a particular date shall be as determined by or on behalf of the Fund.

PRIVACY POLICY

Global Income Fund, Inc. recognizes the importance of protecting the personal and financial information of its shareholders. We consider each shareholder's personal information to be private and confidential. This describes the practices followed by us to protect our shareholders' privacy. We may obtain information about you from the following sources: (1) information we receive from you on forms and other information you provide to us whether in writing, by telephone, electronically or by any other means; (2) information regarding your transactions with us, our corporate affiliates, or others. We do not sell shareholder personal information to third parties. We will collect and use shareholder personal information only to service shareholder accounts. This information may be used by us in connection with providing services or financial products requested by shareholders. We will not disclose shareholder personal information to any nonaffiliated third party except as permitted by law. We take steps to safeguard shareholder information. We restrict access to nonpublic personal information about you to those employees and service providers who need to know that information to provide products or services to you. With our service providers we maintain physical, electronic, and procedural safeguards to guard your nonpublic personal information. Even if you are no longer a shareholder, our Privacy Policy will continue to apply to you. We reserve the right to modify, remove or add portions of this Privacy Policy at any time.

Visit us on the Internet at www.globalincomefund.net. The site provides information about the Fund including market performance, net asset value (NAV), dividends, press releases, and shareholder reports. For further information, you can email us at info@globalincomefund.net. The Fund is a member of the Closed-End Fund Association (CEFA). Its website address is www.cefa.com. CEFA is solely responsible for the content of its website.

DIRECTORS AND OFFICERS

DIRECTORS

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Chairman

GEORGE B. LANGA*

DAVID R. STACK*

PETER K. WERNER*

THOMAS B. WINMILL, Esq.

* Member, Audit Committee

OFFICERS

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President

MARION E. MORRIS
Senior Vice President

WILLIAM G. VOHRER
Treasurer

MONICA PELAEZ, Esq.
Vice President, Secretary

HEIDI KEATING
Vice President

STOCK DATA

| | |
|------------------------------------|--------|
| Price (12/31/03) | \$5.01 |
| Net Asset Value (12/31/03) | \$5.16 |
| Discount | 2.9% |

American Stock Exchange Symbol: GIF
Newspaper exchange listings appear under
an abbreviation, such as: Glinc

2004 DISTRIBUTION PAYMENT DATES

| <u>Declaration</u> | <u>Record</u> | <u>Payment</u> |
|--------------------|---------------|----------------|
| March 1 | March 17 | March 31 |
| June 2 | June 16 | June 30 |
| September 2 | September 16 | September 30 |
| December 3 | December 17 | December 31 |

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