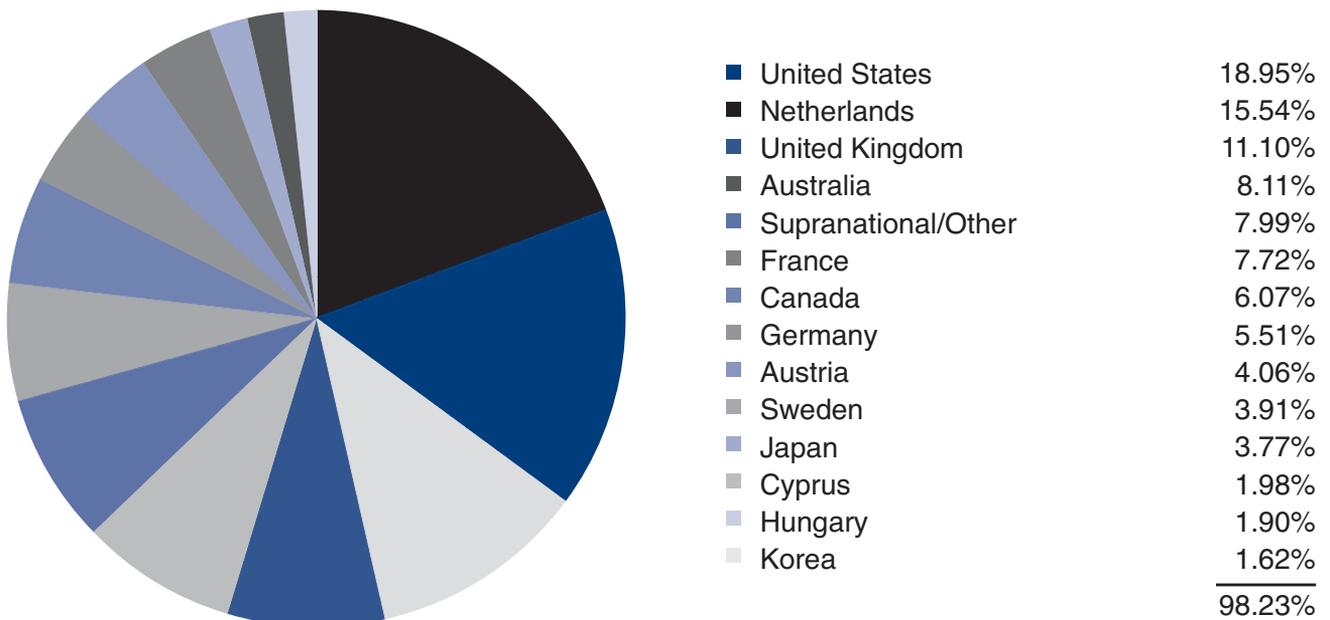




## COUNTRY ALLOCATION\*



## PORTFOLIO ANALYSIS\*

Currency Diversification	
U.S. Dollar	32.36%
Euro	46.57%
British Pound	9.71%
Australian Dollar	9.59%
	98.23%

Ratings	
AAA	43.70%
AA	14.41%
A	34.60%
BBB	2.04%
<BBB	1.58%
NR	1.90%
	98.23%

\* Country allocation and portfolio analysis use approximate percentages of total net assets, and may not add up to 100%, due to leverage or other assets, rounding, and other factors. Ratings are not a guarantee of credit quality and may change. NR means "not rated."

# GLOBAL INCOME FUND

American Stock  
Exchange Symbol:

**GIF**

11 Hanover Square, New York, NY 10005  
[www.globalincomefund.net](http://www.globalincomefund.net)

January 19, 2006

Fellow Shareholders:

It is a pleasure to submit this 2005 Annual Report for Global Income Fund, and to welcome our new shareholders who find the Fund's quality approach to global income investing attractive. The primary investment objective of the Fund, a closed-end investment company, is to provide for its shareholders a high level of income. The Fund's secondary investment objective is capital appreciation. The Fund pursues its investment objectives by investing primarily in a global portfolio of investment grade fixed income securities.

## Global Allocation

The Fund's strategy in 2005 was to invest its assets in primarily investment grade fixed income securities denominated in major world currencies and issued by organizations across many countries. At year end, the Fund held securities of nations, corporations, and other organizations based in the United States, Netherlands, United Kingdom, Australia, France, Canada, Germany, Austria, Sweden, Japan, Cyprus, Hungary, and Korea. Because an organization (particularly multi-national corporations) based in one country may issue obligations in another country's currency, it should also be noted that at year end the Fund's portfolio was 67% invested in non-U.S. dollar denominated securities with about 47% in Eurodollars, 10% in British pounds, and 10% in Australian dollars, with U.S. dollar denominated investments making up the balance. All but 2% of the Fund's portfolio investments are considered investment grade by actual or deemed rating, or in cash or cash equivalents.

In 2005, the U.S. dollar gained against the other major world currencies in our portfolio, which negatively impacted Fund results. Although the 2005 total net asset value return was a negative 6.95% due in large part to U.S. dollar strength, we are committed to our global investment grade allocation process, which we believe provides a sound, quality, fixed income strategy for investors over the long term.

## Market Report

During the year the Federal Open Market Committee (FOMC) continued to raise its key overnight Federal funds target rate, which at year end stood at 4.25%. The minutes of the last meeting of the FOMC revealed, however, that Committee members seemed to lack a consensus as to how many interest rate raises would be needed to control inflation and that additional raises "would probably not be large." Despite raising the rate to 4.25% on December 13, the Committee reiterated that "only some further measured policy firming is likely to be needed."

Surveying the economic scene, we note that the National Association of Realtors reported 2005 sales of existing homes set a record for a fifth consecutive year, although fourth quarter sales showed weakness. Recent inflationary pressure from employment rates, salary changes, and raw material prices has also been weak. Oil price increases, however, may spur inflation to the extent not offset by decreases in consumer goods spending.

As outgoing Federal Reserve Board Chairman Alan Greenspan has so often said, the fear of inflation may be as important as inflation itself. Accordingly, if labor costs or raw material prices increase, we might expect the FOMC to continue to raise short term interest rates to combat inflation fears. But, the FOMC's use

of this strategy may be somewhat limited since currently shorter term interest rates already are generally higher than longer term rates. Historically when short term rates are much higher than long term rates for an extended period, recessions have begun. Thus, should the consumer lose faith in the economy from, for example, a decline in housing markets, the FOMC might risk an increase in inflation to restore consumer confidence and the economy by lowering rates, notwithstanding the potential inflationary impact.

### **6% Dividend Distribution Policy**

The Fund has a managed quarterly distribution policy, which 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 6% 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. For the year ended December 31, 2005 actual distributions were about 6% of average net assets with approximately 71% derived from net investment income and the balance from return of capital.

This managed quarterly distribution policy is subject to regular review at the Board of Directors' quarterly meetings and the amount of the distribution may vary depending on the Fund's net asset value per share at the time of declaration. Although the dollar amount of the distributions cannot be predicted, we continue to believe shares of the Fund are a sound long term value for investors seeking a high level of income, with capital appreciation as a secondary objective.

We believe that shares of the Fund are attractive, and look forward to serving your investment needs over the years ahead.

Sincerely,



Thomas B. Winmill  
President



Marion E. Morris  
Senior Vice President  
Portfolio Manager

## Schedule of Portfolio Investments – December 31, 2005

<u>Principal Amount (a)</u>		<u>Market Value</u>
	<b>DEBT SECURITIES (93.64%)</b>	
	<b>Australia (8.11%)</b>	
A\$1,500,000	Commonwealth Bank of Australia, 6.75% Senior Government Guaranteed Notes, due 12/01/07 .....	\$1,125,409
\$1,000,000	National Australia Bank, 8.60% Subordinated Notes, due 5/19/10 .....	1,139,304
\$300,000	Principal Financial Group, 144A, 8.20% Senior Notes, due 8/15/09 (b) .....	329,155
		<u>2,593,868</u>
	<b>Austria (4.06%)</b>	
€1,000,000	Republic of Austria, 5.25% Euro Medium Term Notes, due 1/04/11 .....	<u>1,297,291</u>
	<b>Canada (6.07%)</b>	
A\$1,300,000	Government of Quebec, 6% Senior Unsubordinated Notes, due 2/18/09 .....	960,140
€1,350,000	Province of Quebec, 5.50% Euro Medium Term Notes, due 7/13/12 .....	981,744
		<u>1,941,884</u>
	<b>Cyprus (1.98%)</b>	
€500,000	Republic of Cyprus, 4.375% Euro Medium Term Notes, due 7/15/14 .....	<u>632,360</u>
	<b>France (7.72%)</b>	
€1,000,000	Elf Aquitaine, 4.50% Senior Unsubordinated Notes, due 3/23/09 .....	1,228,318
€1,000,000	Societe Nationale des Chemins de Fer Francais, 4.625% Euro Medium Term Notes, due 10/25/09 .....	1,241,640
		<u>2,469,958</u>
	<b>Germany (5.51%)</b>	
£500,000	Dresdner Bank Aktiengesellschaft, 7.75% Subordinated Bonds, due 12/07/07 ....	904,978
£500,000	RWE Finance B.V., 4.625% Notes, due 8/17/10 .....	858,378
		<u>1,763,356</u>
	<b>Hungary (1.90%)</b>	
€500,000	Republic of Hungary, 4% Bonds, due 9/27/10 .....	<u>608,493</u>
	<b>Japan (3.77%)</b>	
€1,000,000	Toyota Motor Credit Corp., 4.125% Euro Medium Term Notes, due 1/15/08 .....	<u>1,204,351</u>
	<b>Korea (1.62%)</b>	
\$500,000	Korea Development Bank, 5.75% Notes, due 9/10/13 .....	<u>518,920</u>
	<b>Netherlands (15.54%)</b>	
€1,000,000	Aegon N.V., 4.625% Euro Medium Term Notes, due 4/16/08 .....	1,219,450
€500,000	Essent N.V., 4.50% Euro Medium Term Notes, due 6/25/13 .....	617,465
€500,000	Heineken N.V., 4.375% Bonds, due 2/04/10 .....	607,931
€1,000,000	ING Bank N.V., 5.50% Euro Medium Term Notes, due 1/04/12 .....	1,311,156
€1,000,000	Nederlandse Waterschapsbank, 4% Notes, due 2/11/09 .....	1,212,799
		<u>4,968,801</u>

## Schedule of Portfolio Investments – December 31, 2005

<u>Principal Amount (a)</u>		<u>Market Value</u>
	<b>Sweden (3.91%)</b>	
€1,000,000	Kingdom of Sweden, 5% Eurobonds, due 1/28/09 .....	\$ 1,248,655
	<b>United Kingdom (11.10%)</b>	
\$1,000,000	National Westminster Bank, 7.375% Subordinated Notes, due 10/01/09 .....	1,086,537
€1,000,000	Tesco PLC, 4.75% Euro Medium Term Notes, due 4/13/10 .....	1,246,905
€1,000,000	Vodafone Group Plc, 4.625% Euro Medium Term Notes, due 1/31/08 .....	1,215,471
		3,548,913
	<b>United States (14.36%)</b>	
\$500,000	CIT RV Trust 1998-A B 6.29% Subordinated Bonds, due 1/15/17 .....	501,869
\$1,000,000	Federal Home Loan Bank, 2.625% Notes, due 10/16/06 .....	984,275
\$1,000,000	U.S. Treasury, 4% Notes, due 8/31/07 .....	993,672
\$1,000,000	U.S. Treasury, 4.25% Notes, due 8/15/15 .....	987,383
\$1,000,000	U.S. Treasury, 5.375% Bonds, due 2/15/31 .....	1,123,594
		4,590,793
	<b>Supranational/Other (7.99%)</b>	
£738,000	European Investment Bank, 5.50% Supra-National Bonds, due 12/07/11 .....	1,340,038
\$1,200,000	The International Bank for Reconstruction & Development, 5.05% Notes, due 5/29/08 .....	1,215,480
		2,555,518
	Total Debt Securities (cost: \$31,162,963).....	29,943,161
	<b>Shares</b>	
	<b>PREFERRED STOCKS (4.59%)</b>	
	<b>United States (4.59%)</b>	
4,000	BAC Capital Trust II, 7.00% .....	101,840
3,000	BAC Capital Trust III, 7.00% .....	76,530
4,000	Corporate-Backed Trust Certificates, 6.00% (Goldman Sachs) .....	93,000
25,000	Corporate-Backed Trust Certificates, 8.20% (Motorola) .....	653,750
10,000	Disney (Walt) Company, 7.00% .....	255,000
5,000	SATURNS-Bellsouth SM, 5.875% .....	110,250
6,900	Wells Fargo Capital Trust V, 7.00%.....	176,364
		1,466,734
	Total Preferred Stocks (cost: \$1,447,500) .....	1,466,734
	Total Investments (cost: \$32,610,463) (98.23%) .....	31,409,895
	Other Assets, Net (1.77%) .....	565,234
	<b>Total Net Assets (100.00%).....</b>	<b>\$31,975,129</b>

(a) The principal amount is stated in U.S. dollars unless otherwise indicated.

(b) 144A securities may be sold to institutional investors only. The total market value of these securities at December 31, 2005, is \$329,155, which represents approximately 1.0% of total net assets.

**STATEMENT OF ASSETS AND LIABILITIES**

December 31, 2005

**ASSETS:**

Investments at market value (cost: \$32,610,463) (note 1).....	\$31,409,895
Interest receivable .....	674,963
Other assets .....	<u>50,102</u>
Total assets .....	<u>32,134,960</u>

**LIABILITIES:**

Note payable (note 5) .....	58,955
Accrued expenses .....	57,873
Administrative services (note 3) .....	24,001
Investment management (note 3).....	<u>19,002</u>
Total liabilities.....	<u>159,831</u>

<b>NET ASSETS:</b> (applicable to 7,384,788 shares outstanding: 20,000,000 shares of \$.01 par value authorized).....	<u>\$31,975,129</u>
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**NET ASSET VALUE PER SHARE**

(\$31,975,129 ÷ 7,384,788 shares outstanding).....	<u>\$4.33</u>
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At December 31, 2005, net assets consisted of:

Paid-in capital .....	\$39,006,540
Accumulated undistributed net investment loss.....	(5,582)
Accumulated net realized loss on investments and foreign currencies .....	(5,800,852)
Net unrealized depreciation on investments and foreign currencies .....	<u>(1,224,977)</u>
	<u>\$31,975,129</u>

**STATEMENT OF OPERATIONS**

Year Ended December 31, 2005

**INVESTMENT INCOME:**

Interest (net of \$1,151 of foreign tax expense ) .....	\$1,264,729
Dividends.....	<u>112,856</u>
Total investment income .....	<u>1,377,585</u>

**EXPENSES:**

Investment management (note 3).....	249,662
Administrative services (note 3).....	107,615
Bookkeeping and pricing .....	41,450
Printing and postage.....	31,605
Auditing .....	23,619
Insurance .....	20,795
Directors.....	20,695
Custodian.....	18,441
Exchange listing.....	14,905
Transfer agent .....	10,943
Loan interest and fees.....	<u>3,856</u>
Total expenses .....	543,586
Expense reductions .....	<u>(1,054)</u>
Total net expenses .....	<u>542,532</u>
Net investment income .....	<u>835,053</u>

**REALIZED AND UNREALIZED GAIN (LOSS)  
ON INVESTMENTS AND  
FOREIGN CURRENCIES:**

Net realized gain (loss) on:	
Sale of investments .....	638,110
Foreign currencies transactions .....	(14,756)
Unrealized depreciation on:	
Investments.....	(4,040,226)
Translation of assets and liabilities in foreign currencies .....	<u>(77,707)</u>
Net realized and unrealized loss on investments and foreign currencies .....	<u>(3,494,579)</u>
Net change in net assets resulting from operations .....	<u>\$(2,659,526)</u>

## STATEMENTS OF CHANGES IN NET ASSETS

For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b>OPERATIONS:</b>		
Net investment income .....	\$ 835,053	\$ 792,013
Net realized gain on investments and foreign currencies .....	623,354	815,671
Unrealized (depreciation) appreciation on investments and foreign currencies .....	<u>(4,117,933)</u>	<u>1,355,264</u>
Net change in net assets resulting from operations .....	(2,659,526)	2,962,948
<b>DISTRIBUTIONS TO SHAREHOLDERS:</b>		
Distributions from ordinary income (\$0.20 and \$0.25 per share, respectively) .....	(1,458,409)	(1,607,586)
Tax return of capital to shareholders (\$0.08 and \$0.09 per share, respectively) .....	(608,022)	(573,375)
<b>CAPITAL SHARE TRANSACTIONS:</b>		
Net proceeds received from rights offering (1,745,315 shares issued) (note 8) .....	-	6,875,737
Reinvestment of distributions to shareholders (7,249 and 66,829 shares, respectively) (note 8) .....	<u>30,567</u>	<u>300,947</u>
Total change in net assets .....	(4,695,390)	7,958,671
<b>NET ASSETS:</b>		
Beginning of year .....	<u>36,670,519</u>	<u>28,711,848</u>
End of year (including accumulated undistributed net investment loss of \$5,582 in 2005) .....	<u>\$31,975,129</u>	<u>\$36,670,519</u>

## Notes to Financial Statements

(1) Global Income Fund, Inc., a Maryland corporation registered under the Investment Company Act of 1940, as amended (the "Act"), is a non-diversified, closed-end management investment company, whose shares are listed on the American Stock Exchange. The Fund's primary and fundamental objective is to provide a high level of income. The Fund's secondary, non-fundamental, investment objective is capital appreciation. The Fund pursues its investment objectives by investing primarily in a global portfolio of investment grade 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 and 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. Realized and unrealized gain or loss on the sale of securities include a portion of the gain or loss attributed to the change in foreign exchange rates for those securities. 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. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Withholding taxes on foreign dividends have been provided for in accordance with the Fund's understanding of the applicable country's tax rules and rates. 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) No provision has been made for U.S. income taxes because the Fund's current intention is to continue to qualify as a regulated investment company under the Internal Revenue Code and to distribute to its shareholders substantially all of its taxable income and net realized gains. Foreign securities held by the Fund may be subject to foreign taxation. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. At December 31, 2005, the Fund has net capital loss carryovers that may be used to offset future realized capital gains for federal income tax purposes of \$5,800,852, of which \$1,341,528, \$1,708,533, \$1,381,580, and \$1,369,211 expires in 2006, 2007, 2008, and 2010, respectively. Distributions paid to shareholders during the year ended December 31, 2005, differ from net investment income and net gains or losses from security, foreign currency, and futures transactions as a result of gains and losses from foreign currencies, capital distributions due to the managed distribution policy of the Fund, and the net capital loss carryovers. 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. Effective September 14, 2005, as compensation for its services the Investment Manager receives a management fee, payable monthly, based on the average weekly net assets of the Fund at an annual rate of 7/10 of 1% of the first \$50 million, 5/8 of 1% over \$50 million to \$150 million, 1/2 of 1% over \$150 million. Prior to September 14, 2005, the annual rate of the management fee compensation was 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. Certain officers and directors of the Fund are officers and directors of the Investment Manager. The Fund reimbursed the Investment Manager \$107,615 for providing at cost

## Notes to Financial Statements (continued)

certain administrative services comprised of compliance services of \$60,310 and accounting services of \$47,305 during the year ended December 31, 2005. Through arrangements with the Fund's custodian and cash management, credits realized as a result of uninvested cash balances were used to reduce custody and transfer agency expenses, respectively. For financial reporting purposes, the Fund included these credits as an expense offset in the Statement of Operations.

(4) Purchases and sales of securities other than short term notes aggregated \$10,545,448 and \$11,452,470, respectively, for the year ended December 31, 2005. At December 31, 2005, for federal income tax purposes the aggregate cost of securities was \$32,610,463, and net unrealized depreciation was \$1,200,568 comprised of gross unrealized appreciation of \$60,167 and gross unrealized depreciation of \$1,260,735. 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, 2005. Realized gains and losses arising from foreign exchange differences are included in the Statement of Operations.

(5) The Fund, Foxby Corp., Midas Fund, Inc., and Midas Special Equities Fund, Inc. (the "Borrowers") have entered into a committed secured line of credit facility with State Street Bank & Trust Company ("Bank"). Foxby Corp. is a closed-end investment company advised by the Investment Manager and Midas Fund, Inc. and Midas Special Equities Fund, Inc. are open-end investment companies advised by Midas Management Corporation, an affiliate of the Investment Manager. The Bank also acts as the Fund's custodian. The aggregate amount of the line of credit is \$9,000,000 and the borrowing of each Borrower is collateralized by the underlying investments of such Borrower. The Bank will make revolving loans to a Borrower not to exceed in the aggregate outstanding at any time with respect to any one Borrower the least of \$9,000,000 or the maximum amount permitted pursuant to each Borrower's investment policies or as permitted under the Act. The commitment fee on this facility is 0.10% per annum on the unused portion of the commitment, based on a 360-day year. All loans under this facility will be available 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, 2005, the weighted average interest rate was 4.27% based on the balances outstanding during the period and the weighted average amount outstanding was \$85,814.

(6) The tax character of distributions paid to shareholders for the years ended December 31, 2005 and 2004 was as follows:

	2005	2004
Distributions paid from:		
Ordinary income	\$1,458,409	\$1,607,586
Return of capital	608,022	573,375
	\$2,066,431	\$2,180,961

As of December 31, 2005, the components of distributable earnings on a tax basis were as follows:

Unrealized depreciation on investments and foreign currencies	\$(1,224,977)
Capital loss carryovers	(5,800,852)
Post-October foreign currency losses	(5,582)
	\$(7,031,411)

Accounting principles generally accepted in the United States of America require certain components of net assets be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. For the year ended December 31, 2005, permanent differences between book and tax accounting have been reclassified as follows:

Increase in Accumulated Undistributed Net Investment Loss	Decrease in Accumulated Net Realized Loss on Investments and Foreign Currencies	Decrease in Paid-in Capital
\$1,225,796	\$(298,542)	\$(927,254)

### Notes to Financial Statements (concluded)

(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, 2005 there were 7,384,788 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 distributions during the years ended December 31, 2005 and 2004 were as follows:

	<u>Shares issued</u>	<u>Increase in paid-in capital</u>
2005 .....	7,249	\$30,567
2004.....	66,829	\$300,947

In 2004, the Fund issued 1,745,315 shares of common stock in connection with a rights offering of the Fund's shares. Shareholders of record were issued one non-transferable right for each share owned. The rights entitled the shareholders to purchase one new share of common stock for every four rights held. These shares were issued at a subscription price of \$4.05. Net proceeds to the Fund were \$6,875,737 after deducting total expenses of \$192,789. The net asset value per share of the Fund's common shareholders was reduced by approximately \$0.21 per share as a result of the share issuance. In October 2005, 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,				
	2005	2004	2003	2002	2001
<b>PER SHARE DATA</b>					
Net asset value at beginning of period .....	\$4.97	\$5.16	\$5.04	\$5.44	\$5.72
Income from investment operations:					
Net investment income .....	.11	.11	.18	.28	.32
Net realized and unrealized gain (loss) on investments .....	(.47)	.25	.30	(.18)	(.04)
Total income from investment operations .....	(.36)	.36	.48	.10	.28
Dilution from rights offering .....	-	(.21)	-	-	-
Less distributions:					
Distributions to shareholders .....	(.20)	(.25)	(.22)	(.28)	(.36)
Tax return of capital to shareholders .....	(.08)	(.09)	(.14)	(.22)	(.20)
Total distributions .....	(.28)	(.34)	(.36)	(.50)	(.56)
Net asset value at end of period .....	\$4.33	\$4.97	\$5.16	\$5.04	\$5.44
Per share market value at end of period .....	\$3.95	\$4.82	\$5.01	\$4.60	\$4.91
<b>TOTAL RETURN ON NET ASSET VALUE BASIS (a) .....</b>	<b>(6.95)%</b>	<b>3.57%</b>	<b>10.22%</b>	<b>0.04%</b>	<b>2.33%</b>
<b>TOTAL RETURN ON MARKET VALUE BASIS (a) .....</b>	<b>(12.47)%</b>	<b>3.45%</b>	<b>17.25%</b>	<b>3.60%</b>	<b>15.94%</b>
Net assets at end of period (000's omitted) .....	\$31,975	\$36,671	\$28,712	\$27,589	\$29,110
Ratio of total expenses to average net assets .....	1.59%	1.66%	1.61%	1.44%	1.72%
Ratio of net expenses to average net assets .....	1.59%	1.67%	1.61%	1.44%	1.73%
Ratio of net expenses excluding loan interest and fees to average net assets .....	1.58%	1.66%	1.61%	1.44%	1.72%
Ratio of net investment income to average net assets .....	2.44%	2.49%	3.54%	5.35%	5.94%
Portfolio turnover over .....	32%	97%	146%	162%	160%

(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.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying statement of assets and liabilities of Global Income Fund, Inc. including the schedule of portfolio investments as of December 31, 2005 and the related statement of operations for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the years 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 audit.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). 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. We were not engaged to perform an audit of the Fund's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2005 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, 2005, 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 years indicated thereon, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER

Philadelphia, Pennsylvania  
January 19, 2006

## 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.

## PROXY VOTING

The Fund's Proxy Voting Guidelines (the "Guidelines") as well as its voting record for the most recent 12 months ended June 30, are available without charge, by calling the Fund collect at 1-212-344-6310 and on the SEC's website at <http://www.sec.gov>. The Guidelines are also posted on the Fund's website at <http://www.globalincomefund.net>.

## QUARTERLY HOLDINGS

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the SEC's Internet site at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room. Copies of this information can be obtained, after paying a duplicating fee, by e-mail request to [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing to the SEC's Public Reference Section, Washington, DC 20549-0102. The Fund's Investment Company Act file number is 811-08025. The Fund makes the information on Form N-Q available to shareholders upon request free of charge by e-mail request to [info@globalincomefund.net](mailto:info@globalincomefund.net) or by calling the Fund collect at 1-212-344-6310.

## BOARD OF DIRECTORS' REVIEW OF THE INVESTMENT MANAGEMENT AGREEMENT

The annual continuance of the investment management agreement (the "Agreement") between the Fund and the investment manager, CEF Advisers, Inc., was approved at a meeting of the Board of Directors held in March 2005. The semi-annual report to shareholders for the fiscal period ended June 30, 2005 includes a discussion of the factors which the Board of Directors considered in the approval of the continuance of the Agreement. In addition, at a meeting held on September 14, 2005, the Board of Directors approved an amended investment management agreement ("Amended Agreement") between the Fund and the investment manager. The Amended Agreement is substantially similar to the Agreement, except that it provides lower breakpoints for the investment management fee, as follows:

<u>Agreement</u>	<u>Amended Agreement</u>
7/10 of 1% of the first \$250 million	7/10 of 1% of the first \$50 million
5/8 of 1% of from \$250 million to \$500 million	5/8 of 1% over \$50 million to \$150 million
1/2 of 1% over \$500 million	1/2 of 1% over \$150 million

## MANAGED DISTRIBUTIONS

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 year 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 year. 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, 2006, including the distributions paid quarterly, are comprised approximately two-thirds 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 year, a Form 1099 DIV will be sent to shareholders stating the amount and composition of distributions and provide information about their appropriate tax treatment.

## DIVIDEND REINVESTMENT PLAN

The Fund has adopted a dividend reinvestment plan (the "Plan"). A shareholder holding certificates for Shares and for whom an account is held at American Stock Transfer & Trust Company as agent under the Plan (the "Agent") will automatically be a participant in the Plan with respect to all dividends and capital gain distributions the Fund declares (in this section, each a "distribution") (including any portion thereof subsequently determined to be a return of capital), unless the shareholder specifically elects to receive all distributions in cash paid by check mailed directly to the shareholder by the Agent. The Agent will open an account for each shareholder under the Plan in the same name in which such shareholder's Shares are registered. Whenever the Fund declares a distribution payable in Shares or cash, participating shareholders will take the distribution entirely in Shares and the Agent will automatically receive the Shares, including fractional Shares, for the shareholder's account in accordance with the following: (1) If the Market Price per Share (as defined below) is equal to or exceeds the NAV per Share at the time Shares are valued for the purpose of determining the number of Shares equivalent to the distribution (the "Valuation Date"), participants will be issued additional Shares equal to the amount of such distribution divided by the greater of that NAV per Share or 95% of that Market Price per Share or (2) if the Market Price per Share is less than the NAV per Share on the Valuation Date, participants will be issued additional Shares equal to the amount of such distribution divided by that Market Price per Share. The Valuation Date is the day before the distribution payment date or, if that day is not an AMEX trading day, the next trading day. If the Fund declares a distribution payable only in cash, the Agent will, as purchasing agent for the participating shareholders, buy Shares in the open market, on the AMEX or elsewhere, for such shareholders' accounts after the payment date, except that the Agent will endeavor to terminate purchases in the open market and cause the Fund to issue the remaining Shares if, following the commencement of the purchases, the Market Price per Share exceeds the NAV per Share. These remaining Shares will be issued by the Fund at a price equal to the Market Price per Share.

## HISTORICAL DISTRIBUTION SUMMARY

<u>Period</u>	<u>Investment Income</u>	<u>Return of Capital</u>	<u>Total</u>
2005 .....	\$0.200	\$0.080	\$0.280
2004 .....	\$0.245	\$0.090	\$0.335
2003 .....	\$0.220	\$0.140	\$0.360
2002 .....	\$0.280	\$0.220	\$0.500
2001 .....	\$0.360	\$0.200	\$0.560
2000 .....	\$0.420	\$0.160	\$0.580
6 Months Ended 12/31/99.....	\$0.230	\$0.070	\$0.300
12 Months Ended 6/30/99.....	\$0.550	\$0.130	\$0.680
12 Months Ended 6/30/98.....	\$0.520	\$0.320	\$0.840

## WWW.GLOBALINCOMEFUNDFUND.NET

Visit us on the Internet at [www.globalincomefund.net](http://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](mailto:info@globalincomefund.net). The Fund is a member of the Closed-End Fund Association (CEFA). Its website address is [www.cefa.com](http://www.cefa.com). CEFA is solely responsible for the content of its website.

### STOCK DATA

Price (12/30/05) . . . . .	\$3.95
Net Asset Value (12/30/05) . . . .	\$4.33
Discount . . . . .	8.78%

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

### 2006 DISTRIBUTION PAYMENT DATES

<u>Declaration</u>	<u>Record</u>	<u>Payment</u>
March 2	March 15	March 31
June 2	June 16	June 30
September 6	September 18	September 29
December 1	December 18	December 29

### FUND INFORMATION

#### Investment Manager

CEF Advisers, Inc.  
11 Hanover Square  
New York, NY 10005  
[www.closedendfunds.net](http://www.closedendfunds.net)  
1-212-344-6310

#### Stock Transfer Agent and Registrar

American Stock Transfer & Trust Co.  
59 Maiden Lane  
New York, NY 10038  
[www.amstock.com](http://www.amstock.com)  
1-800-278-4353

#### Independent Registered Public Accounting Firm

Tait, Weller & Baker  
1818 Market St., Suite 2400  
Philadelphia, PA 19103

#### Custodian

State Street Bank & Trust Co.  
801 Pennsylvania Avenue  
Kansas City, MO 64105

#### Internet

[www.globalincomefund.net](http://www.globalincomefund.net)  
email: [info@globalincomefund.net](mailto:info@globalincomefund.net)

### RESULTS OF THE ANNUAL MEETING

The Fund's Annual Meeting was held on September 7, 2005 at the offices of the Fund at 11 Hanover Square, 12th Floor, New York, New York for the purpose of election 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>
Bruce B. Huber	III	5 years	2010	6,942,588	122,135

\* And until his successor is duly elected and qualifies. Directors whose term of office continued after the meeting are Thomas B. Winmill (Class IV), Bassett S. Winmill (Class V), Peter K. Werner (Class I), and James E. Hunt (Class II).

## DIRECTORS AND OFFICERS

The following table sets forth certain information concerning the other Directors currently serving on the Board of the Fund. Unless otherwise noted, the address of record for the directors and officers is 11 Hanover Square, New York, New York 10005. Each Director who is deemed to be an “interested person” because he is an “affiliated person” as defined in the Investment Company Act of 1940, as amended (the “1940 Act”), is indicated by an asterisk.

<u>Name, Principal Occupation, Business Experience for Past Five Years, Address, and Age</u>	<u>Director Since</u>	<u>Number of Portfolios in Investment Company Complex Overseen by Director</u>	<u>Other Public Company Directorships Held by Director**</u>
<b>Class I:</b>			
PETER K. WERNER – Since 1996 he has taught and directed many programs at The Governor Dummer Academy. Previously, he was Vice President of Money Market Trading at Lehman Brothers. He was born on August 16, 1959.	1997	5	0
<b>Class II:</b>			
JAMES E. HUNT – He is a Managing Director of Hunt Howe Partners LLC executive recruiting consultants. He was born on December 14, 1930.	2004	5	0
<b>Class III:</b>			
BRUCE B. HUBER, CLU, ChFC, MSFS – He is a Financial Representative with New England Financial, specializing in financial, estate and insurance matters. He was born on February 7, 1930.	2004	5	0
<b>Class IV:</b>			
THOMAS B. WINMILL* – He is President, Chief Executive Officer, and General Counsel of the Fund, as well as the other investment companies (collectively, the “Investment Company Complex”) advised by CEF Advisers, Inc. (the “Investment Manager”), the Investment Manager, and Winmill & Co. Incorporated and its affiliates (“WCI”). He is a member of the New York State Bar and the SEC Rules Committee of the Investment Company Institute. He was born on June 25, 1959.	1997	5	Bexil Corporation
<b>Class V:</b>			
BASSETT S. WINMILL* – He is Chairman of the Board of the Fund, the Investment Manager, and WCI. He is a member of the New York Society of Security Analysts, the Association for Investment Management and Research, and the International Society of Financial Analysts. He was born on February 10, 1930.	1997	1	Bexil Corporation, Tuxis Corporation

\* He is an “interested person” of the Fund as defined in the 1940 Act due to his affiliation with the Investment Manager.

\*\* Refers to directorships held by a director in any company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 or any company registered as an investment company under the 1940 Act.

Messrs. Huber, Hunt, and Werner also serve on the Audit and Nominating Committees of the Board. Mr. Thomas B. Winmill also serves on the Executive Committee of the Board.

The executive officers, other than those who serve as Directors, and their relevant biographical information are set forth below.

<u>Name and Age</u>	<u>Principal Occupation During the Past 5 years</u>
Thomas O'Malley Born on July 22, 1958	Chief Accounting Officer, Chief Financial Officer, Treasurer and Vice President since 2005. He is also Chief Accounting Officer, Chief Financial Officer, and Vice President of the Investment Company Complex, the Investment Manager, and WCI. Previously, he served as Assistant Controller of Reich & Tang Asset Management, LLC, Reich & Tang Services, Inc., and Reich & Tang Distributors, Inc. He is a certified public accountant.
Marion E. Morris Born on June 17, 1945	Senior Vice President since 2000. She is also a Senior Vice President of the Investment Company Complex, the Investment Manager, and WCI. She is Director of Fixed Income and a member of the Investment Policy Committee of the Investment Manager. Previously, she served as Vice President of Salomon Brothers, The First Boston Corporation and Cantor Fitzgerald.
John F. Ramirez Born on April 29, 1977	Secretary and Chief Compliance Officer since 2005. He is also Secretary and Chief Compliance Officer of the Investment Company Complex, the Investment Manager, and WCI. He previously served as Compliance Administrator and Assistant Secretary of the Investment Company Complex, the Investment Manager, and WCI.

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 in the open market. 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.