

CENTRAL EUROPE & RUSSIA FUND INC

Form N-Q

September 29, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED**

**MANAGEMENT INVESTMENT COMPANY**

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Investment Company Act file number 811-6041

Central Europe & Russia Fund, Inc.

(Exact name of registrant as specified in charter)

345 Park Avenue

New York, NY 10154

(Address of principal executive offices) (Zip code)

Paul Schubert

345 Park Avenue

New York, NY 10154

(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 454-7190

Date of fiscal year end: 10/31

Date of reporting period: 07/31/06

Form N-Q is to be used by registered management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-4). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of

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Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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ITEM 1. SCHEDULE OF INVESTMENTS

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THE CENTRAL EUROPE AND RUSSIA FUND, INC.

SCHEDULE OF INVESTMENTS - JULY 31, 2006 (unaudited)

| Shares  | Description                    | Value       |                      |
|---|--------------------------------|-------------|----------------------|
| INVESTMENTS IN RUSSIAN COMMON STOCKS - 53.0%  |                                |             |                      |
| COMMERCIAL BANKS - 0.7%                       |                                |             |                      |
| 3,000   | Sberbank                       | \$5,340,000 |                      |
| 1,000   | Sberbank RF-(GDR) Reg S        | 204,208     |                      |
|   |                                | 5,544,208   |                      |
| DIVERSIFIED TELECOMMUNICATION SERVICES - 0.5% |                                |             |                      |
| 117,100                                       | Rostelecom (ADR)               | 3,528,223   |                      |
| FOOD PRODUCTS - 1.0%                          |                                |             |                      |
| 116,319                                       | Lebedyansky*                   | 7,008,220   |                      |
| METALS & MINING - 8.4%                        |                                |             |                      |
| 281,000                                       | JSC MMC Norilsk Nickel (ADR)   | 38,356,500  |                      |
| 85,600  | Mechel OAO-(GDR) Reg S         | 1,913,160   |                      |
| 416,000                                       | Polyus Gold Co Zao (ADR)       | 18,512,000  |                      |
| 3,500   | Vyksa Metallurgical Plant*     | 3,340,750   |                      |
|   |                                | 62,122,410  |                      |
| MULTI-UTILITIES - 5.0%                        |                                |             |                      |
| 503,000                                       | Unified Energy Systems (GDR)   | 36,970,500  |                      |
| OIL, GAS & CONSUMABLE FUELS - 35.5%           |                                |             |                      |
| 1,400,000                                     | Gazprom                        | 14,560,000  |                      |
| 968,000                                       | Lukoil (ADR)                   | 83,925,600  |                      |
| 450,000                                       | Novatek Oao-Spons (GDR)        | 21,060,000  |                      |
| 1,725,000                                     | OAO Gazprom (ADR)              | 71,898,000  |                      |
| 650,000                                       | Surgutneftegaz (ADR)           | 47,840,000  |                      |
| 169,300                                       | Tatneft (ADR)                  | 17,183,950  |                      |
| 1,143,800                                     | TNK-BP                         | 3,202,640   |                      |
| 500,000                                       | Ufimskij NPZ                   | 1,125,000   |                      |
| 52,000  | Vostok Nafta Investment (SDR)* | 3,247,027   |                      |
|   |                                | 264,042,217 |                      |
| PERSONAL PRODUCTS - 0.9%                      |                                |             |                      |
| 181,000                                       | Kalina                         | 6,362,150   |                      |
| WIRELESS TELECOMMUNICATION SERVICES - 1.1%    |                                |             |                      |
| 140,000                                       | Mobile Telesystems (GDR)       | 4,498,200   |                      |
| 50,000  | Mobile Telesystems-SP (ADR)    | 1,606,500   |                      |
| 45,500  | Vimpel Communications (ADR)*   | 2,174,445   |                      |
|   |                                | 8,279,145   |                      |
| Total Investment in Russian Common Stocks     |                                |             | (cost \$181,608,465) |
|   |                                | 393,857,073 |                      |

| Shares                                      | Description | Value |
|---|-------------|-------|
| INVESTMENTS IN POLISH COMMON STOCKS - 18.3% |             |       |

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|                          |                              |            |             |
|--------------------------|------------------------------|------------|-------------|
| BUILDING PRODUCTS - 1.1% |                              |            |             |
| 850,950                  | Cersanit-Krasnystaw SA       |            | \$8,053,329 |
| COMMERCIAL BANKS - 4.8%  |                              |            |             |
| 150,000                  | Bank Pekao SA                | 10,330,913 |             |
| 45,000                   | BK Prezemyslowo-Handlowy PBK |            | 12,003,306  |
| 1,000,000                | Pko Bank Polski SA           |            | 13,223,569  |

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|   |   |                     |             |
|---|---|---------------------|-------------|
|   | 35,557,788                                    |                     |             |
|   | CONSTRUCTION & ENGINEERING - 0.1%             |                     |             |
| 40,842                                    | Budimex*                                      | 873,654             |             |
|   | DIVERSIFIED TELECOMMUNICATION SERVICES - 3.1% |                     |             |
| 2,920,207                                 | Telekomunikacja Polska                        | 20,064,947          |             |
| 490,000                                   | Telekomunikacja Polska (GDR)                  | 3,356,500           |             |
|   | 23,421,447                                    |                     |             |
|   | MEDIA - 0.2%                                  |                     |             |
| 37,700                                    | Tvn*  | 1,301,306           |             |
|   | METAL & MINING - 3.1%                         |                     |             |
| 600,000                                   | KGHM Polska Miedz                             | 23,335,710          |             |
|   | OIL, GAS & CONSUMABLE FUELS - 4.4%            |                     |             |
| 1,036,102                                 | Polski Koncern Naftowy                        | 20,349,965          |             |
| 149,500                                   | Polski Koncern Naftowy (GDR)                  | 5,763,225           |             |
| 180,000                                   | Polski Koncern Naftowy (GDR)                  | 6,939,000           |             |
|   | 33,052,190                                    |                     |             |
|   | REAL ESTATE - 1.4%                            |                     |             |
| 109,018                                   | Echo Investment*                              | 10,600,052          |             |
| Total Investments in Polish Common Stocks |   | (cost \$77,928,002) | 136,195,476 |

INVESTMENTS IN HUNGARIAN COMMON STOCKS - 5.1%

|         |                         |            |  |
|---------|-------------------------|------------|--|
|         | COMMERCIAL BANKS - 1.6% |            |  |
| 360,000 | OTP Bank                | 10,711,957 |  |
| 25,000  | OTP Bank (GDR)          | 1,495,000  |  |
|         | 12,206,957              |            |  |

The accompanying notes are an integral part of the financial statements.

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THE CENTRAL EUROPE AND RUSSIA FUND, INC.

SCHEDULE OF INVESTMENTS - JULY 31, 2006 (unaudited) (continued)

| Shares                                       | Description                        | Value                         |
|--|------------------------------------|-------------------------------|
|  | OIL, GAS & CONSUMABLE FUELS - 2.5% |                               |
| 110,000                                      | Mol Magyar Olaj-Es Gazipari        | \$12,188,437                  |
| 61,000                                       | Mol Magyar Olaj-Es Gazipari (GDR)  | 6,728,300                     |
|  | 18,916,737                         |                               |
|  | PHARMACEUTICALS - 1.0%             |                               |
| 30,000                                       | Gedeon Richter                     | 6,339,018                     |
| 4,300  | Gedeon Richter (GDR)               | 892,250                       |
|  | 7,231,268                          |                               |
| Total Investments in Hungarian Common Stocks |                                    | (cost \$11,422,074)38,354,962 |

INVESTMENTS IN CZECH REPUBLIC COMMON STOCKS - 4.4%

|        |                         |           |  |
|--------|-------------------------|-----------|--|
|        | COMMERCIAL BANKS - 0.7% |           |  |
| 4,500  | Komerčni Banka          | 661,527   |  |
| 89,996 | Komerčni Banka (GDR)    | 4,499,800 |  |
|        | 5,161,327               |           |  |

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MULTI-UTILITIES - 3.7%

|   |                          |                              |
|---|--------------------------|------------------------------|
| 750,000   | Ceske Energeticke Zavody | 27,365,319                   |
| Total Investments in Czech Republic Common Stocks |                          | (cost \$3,984,713)32,526,646 |

INVESTMENTS IN TURKISH COMMON STOCKS - 9.3%

AUTOMOBILES - 0.6%

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|           |                                   |           |
|-----------|-----------------------------------|-----------|
| 1,500,000 | Tofas Turk Oromobil Fabrika       | 4,053,512 |
|           | BUILDING PRODUCTS - 0.8%          |           |
| 2,278,517 | Trakya Cam Sanayii                | 5,578,175 |
|           | COMMERCIAL BANKS - 0.5%           |           |
| 750,000   | Turkiye Sinai Kalkinma Bank       | 1,148,829 |
| 692,850   | Turkiye Vakiflar Bankasi T-D*     | 2,919,702 |
|           | 4,068,531                         |           |
|           | CONSTRUCTION & ENGINEERING - 0.9% |           |
| 600,000   | Enka Insaat Ve Sanayi As          | 4,655,518 |
| 250,000   | Izocam Ticaret Ve Sanayi As       | 1,889,632 |
|           | 6,545,150                         |           |

| Shares    | Description   | Value       |
|-----------|---|-------------|
|           | CONSTRUCTION MATERIALS - 0.5%                                   |             |
| 690,000   | Akcansa Cimento   | \$3,369,231 |
|           | DIVERSIFIED FINANCIAL SERVICES - 3.7%                           |             |
| 2,230,549 | Akbank  | 10,742,447  |
| 1,416,356 | Turkiye Garanti Bankasi*  | 4,073,800   |
| 2,000,000 | Turkiye Is Bankasi  | 10,702,341  |
| 1,386,551 | Yapi Ve Kredi Bankasi*  | 2,188,803   |
|           | 27,707,391  |             |
|           | FOOD & STAPLES RETAILING - 0.9%                                 |             |
| 203,200   | BIM Birlesik Magazalar*   | 6,422,207   |
|           | HOTELS RESTAURANTS & LEISURE - 0.2%                             |             |
| 2,200,000 | Marmaris Marti Otel Isletmel                                    | 1,927,759   |
|           | INSURANCE - 0.3%  |             |
| 1,020,833 | Anadolu Hayat Emeklilik Ord                                     | 2,594,760   |
|           | OIL, GAS & CONSUMABLE FUELS - 0.5%                              |             |
| 200,000   | Turpras Petrol Rafinerileri                                     | 3,779,264   |
|           | WIRELESS TELECOMMUNICATION SERVICES - 0.4%                      |             |
| 683,166   | Turkcell Iletisim Hizmetleri                                    | 3,061,682   |
|           | Total Investments in Turkish Common Stocks (cost \$59,198,711)  | 69,107,662  |
|           | INVESTMENTS IN AUSTRIAN COMMON STOCKS - 4.1%                    |             |
|           | COMMERCIAL BANKS - 2.2%   |             |
| 285,868   | Erste Bank Der Oester Spark                                     | 16,476,776  |
|           | ENERGY EQUIPMENT & SERVICES - 0.2%                              |             |
| 90,725    | C.A.T. Oil AG   | 1,817,939   |
|           | OIL, GAS & CONSUMABLE FUELS - 1.7%                              |             |
| 7,750     | Bank Austria Credit Transneft                                   | 12,623,820  |
|           | Total Investments In Austrian Common Stocks (cost \$29,861,723) | 30,918,535  |

The accompanying notes are an integral part of the financial statements.

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THE CENTRAL EUROPE AND RUSSIA FUND, INC.

SCHEDULE OF INVESTMENTS - JULY 31, 2006 (unaudited) (continued)

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| Shares | Description                               | Value       |
|--------|---|-------------|
|        | INVESTMENTS IN DUTCH COMMON STOCKS - 0.9% |             |
|        | BEVERAGES - 0.4%                          |             |
| 93,000 | Efes Breweries International (GDR)        | \$3,243,840 |

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|   |  |               |
|---|--|---------------|
| FOOD & STAPLES RETAILING - 0.5%                                       |  |               |
| 219,700   | Pyaterochka Holding (GDR)                                  | 3,734,900     |
| Total Investments in Dutch Common Stocks (cost \$5,871,109) 6,978,740 |  |               |
| INVESTMENTS IN CYPRUS COMMON STOCKS - 1.1%                            |  |               |
| OIL, GAS & CONSUMABLE FUELS - 1.1%                                    |  |               |
| 1,050,000   | Urals Energy Public Co Ltd (cost \$5,541,802)              | 8,037,435     |
| INVESTMENTS IN VIRGIN ISLANDS (BR) COMMON STOCKS - 1.0%               |  |               |
| MULTI-UTILITIES - 1.0%  |  |               |
| 4,094,119   | Renshares Utilities-Rengen (cost \$6,511,451)              | 7,164,708     |
| SECURITIES LENDING COLLATERAL - 6.4%                                  |  |               |
| 47,877,887  | (cost \$47,877,887) Daily Assets Fund Institutional, 5.24% | 47,877,887    |
| Total Investments - 103.7% (cost \$429,805,937)                       |  | 771,019,124   |
| Liabilities in excess of cash and other assets - (3.7%) (27,373,359)  |  |               |
| NET ASSETS - 100.0%   |  | \$743,645,765 |

\* Non-income producing security.

144A - Restricted to resale to institutional investors only.

All or a portion of these securities were on loan. The value of all securities loaned at July 31, 2006 amounted to \$46,939,105, which is 6.3% of the net assets.

Represents collateral held in connection with securities lending. Daily Assets Fund Institutional, an affiliated fund, is managed by Deutsche

Asset Management, Inc. The rate shown is the annualized seven-day yield at period end.

### Key

ADR - American Depository Receipt

GDR - Global Depository Receipt

SDR - Swedish Depository Receipt

The accompanying notes are an integral part of the financial statements.



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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: The Central Europe and Russia Fund, a series of Central Europe & Russia Fund, Inc.

By: /s/Michael G. Clark  
Michael G. Clark  
President

Date: September 22, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Registrant: The Central Europe and Russia Fund, a series of Central Europe & Russia Fund, Inc.

By: /s/Michael G. Clark  
Michael G. Clark  
President

Date: September 22, 2006

By: /s/Paul Schubert  
Paul Schubert  
Chief Financial Officer and Treasurer

Date: September 22, 2006