

CENTRAL EUROPE & RUSSIA FUND INC  
Form N-CSRS  
July 26, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-06041  
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CENTRAL EUROPE AND RUSSIA FUND, INC.  
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(Exact name of registrant as specified in charter)

345 PARK AVENUE, NEW YORK, NY 10154  
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(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (800) 437-6269  
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Bruce A. Rosenblum  
Deutsche Investment Management Americas Inc.

345 PARK AVENUE, NEW YORK, NY 10154  
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(Address of principal executive offices) (Zip code)

Date of fiscal year end: 10/31  
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Date of reporting period: 4/30/05  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR,

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and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of 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 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. ss. 3507.

### ITEM 1. REPORTS TO STOCKHOLDERS.

#### SUMMARY OF GENERAL INFORMATION

##### ----- THE FUND

The Central Europe and Russia Fund, Inc. is a non-diversified, actively-managed Closed-End Fund listed on the New York Stock Exchange with the symbol "CEE". The Fund seeks long term capital appreciation primarily through investment in equity and equity-linked securities of issuers domiciled in Central Europe and Russia. It is managed and advised by wholly-owned subsidiaries of the Deutsche Bank Group.

##### SHAREHOLDER INFORMATION

Prices for the Fund's shares are published daily in the New York Stock Exchange Composite Transactions section of newspapers. Net asset value and market price information are published each Monday in THE WALL STREET JOURNAL and THE NEW YORK TIMES, and each Saturday in BARRON'S and other newspapers in a table called "Closed End Funds". Daily information on the Fund's net asset value is available from NASDAQ (symbol XCEEX). It is also available by calling: 1-800-437-6269 (in the U.S.) or 617-443-6918 (outside of the U.S.). In addition, a schedule of the Fund's largest holdings, dividend data and general shareholder information may be obtained by calling these numbers.

The foregoing information is also available on our Web site: [www.ceefund.com](http://www.ceefund.com).

##### ----- THERE ARE THREE CLOSED-END FUNDS INVESTING IN EUROPEAN EQUITIES MANAGED BY WHOLLY-OWNED SUBSIDIARIES OF THE DEUTSCHE BANK GROUP:

- o The Germany Fund, Inc.--investing primarily in equities of major German corporations. It may also invest up to 20% in equities of other Western European companies (with no more than 15% in any single country).
- o The New Germany Fund, Inc.--investing primarily in the middle market German companies and up to 20% elsewhere in Western Europe (with no more than 10% in any single country).
- o The Central Europe and Russia Fund, Inc.--investing primarily in Central European and Russian companies.

Please consult your broker for advice on any of the above or call 1-800-GERMANY (in the U.S.) or 617-443-6918 (outside of the U.S.) for shareholder reports.

These funds are not diversified and focus their investments in certain geographical regions, thereby increasing their vulnerability to developments in

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that region. Investing in foreign securities presents certain unique risks not associated with domestic investments, such as currency fluctuation, political and economic changes, and market risks. This may result in greater share price volatility.

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THE CENTRAL EUROPE AND  
RUSSIA FUND, INC.

SEMI-ANNUAL REPORT

APRIL 30, 2005

[LOGO OMITTED]

THE CENTRAL EUROPE AND  
RUSSIA FUND, INC.

LETTER TO THE SHAREHOLDERS

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May 20, 2005

Dear Shareholders,

In 2005, financial markets have continued to focus on commodity prices and slowing global growth. Western Europe already revised low growth forecasts downward, blaming oil prices for depressing gross domestic product (GDP). US markets were constrained by waning consumer confidence and slowing GDP growth, but the US central bank insisted oil prices were not having an adverse impact on the economy and pushed ahead with systematic increases in the federal funds rate. Emerging markets performed well and continued to see robust growth, but rising U.S. interest rates have dampened investor appetite for emerging market risk as spreads over developed markets tighten.

Against these trends, the Central Europe and Russia Fund performed well during the period again, outperforming its benchmark. (A custom blend of 45% in Central Europe (CECE-Index), 45% Russia (RTX-Index) and 10% in Turkey (ISE National 30))<sup>1</sup>. For the six months ended April 30, 2005, the Central Europe and Russia Fund's total return (based on its net asset value per share) was 8.96% in US dollar terms, while its total return based on share price was 11.31%. The fund's benchmark rose 5.43% during the same period.

In Russia, the fund benefited from its exposure to the oil sector. Lukoil, our largest holding in the fund, outperformed other oil stocks as well as the market on the back of good results and an improving production outlook. Our holding in Mechel Steel Group OAO, the largest and most comprehensive producer of specialty steels and alloys in Russia, also performed well since its IPO in November 2004, and contributed positively to the fund's outperformance. In terms of the broader Russian market, MSCI recently increased Russia's weighting in its emerging market indices, which should increase demand for Russian stocks. In recognition of the growing importance of non-oil stocks in the Russian market, MSCI added several Russian telecom and consumer stocks to the index.

Contrary to our expectations, the Czech and the Hungarian markets continued their strong favorable performance, driven by strong international capital inflows, and supported by good company results. During the second quarter, we have initiated a position in the Hungarian company BorsodChem, a major chemical producer as well as the largest maker of PVC plastic in Eastern Europe. The company also contributed positively to the fund's performance. On April 14, the company was also added to the CECE Index. The Polish market underperformed its

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Central European peers during the reporting period as increasing political uncertainty and unfavorable exchange rate trends brought a major correction to the Polish market, and as a consequence our holdings in Polish midcap stocks, Echo Investment and Cersanit-Krasnystaw, negatively impacted the Fund's performance.

In the second fiscal quarter, the positive performance contribution from the Turkish financial sector continued. The fund benefited again from its overweight in Finansbank, which rose 175% during the reporting period, and its holding in Yapi ve Kredi Bankasi. During the period under review, Turkish markets were mostly driven by news flow on European Union (EU) accession talks and the country's International Monetary Fund (IMF) loan agreement, both of which have helped to spur merger and acquisition activity. Over the next few months, we expect Turkish markets to focus on any signs of a delay to the previously agreed October start date for accession talks.

The Fund's discount to net asset value averaged 8.6% during the period.  
Sincerely,

/S/Christian Strenger/S/Julian Sluyters  
Christian Strenger     Julian Sluyters  
Chairman                     President and Chief Executive Officer

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The views expressed in this report reflect those of the investment manager and investment adviser only through the date as stated on the letter. Their views are subject to change at any time based on market and other conditions and should not be construed as a recommendation.

1 The CECE is a regional capitalization-weighted index including stocks from the Czech Republic, Hungary, Poland and Slovakia and is published daily by the Vienna Stock Exchange as well. The RTX is a capitalization-weighted index of Russian blue chip stocks and published daily by the Vienna Stock Exchange. The ISE National 30 is a capitalization-weighted index composed of National Market companies except investment trusts and will also be used for trading in the Derivatives Market. Index returns assume reinvestment of dividends and, unlike Fund returns, do not reflect any fees or expenses. It is not possible to invest directly in an index.

FOR ADDITIONAL INFORMATION ABOUT THE FUND INCLUDING PERFORMANCE, DIVIDENDS, PRESENTATIONS, PRESS RELEASES, DAILY NAV AND SHAREHOLDER REPORTS, PLEASE VISIT [WWW.CEEFUND.COM](http://WWW.CEEFUND.COM)

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FUND HISTORY AS OF APRIL 30, 2005  
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PERFORMANCE IS HISTORICAL, ASSUMES REINVESTMENT OF ALL DIVIDENDS AND CAPITAL GAINS, AND DOES NOT GUARANTEE FUTURE RESULTS. INVESTMENT RETURNS AND PRINCIPAL VALUE FLUCTUATE WITH CHANGING MARKET CONDITIONS SO THAT, WHEN SOLD, SHARES MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST. CURRENT PERFORMANCE MAY BE LOWER OR HIGHER THAN THE PERFORMANCE DATA QUOTED. PLEASE VISIT [WWW.CEEFUND.COM](http://WWW.CEEFUND.COM) FOR THE FUND'S MOST RECENT PERFORMANCE.

TOTAL RETURNS:

FOR THE SIX MONTHS ENDED	FOR THE YEARS ENDED		
APRIL 30, 2005 (c)	2004	2003	2002

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Net Asset Value(a) .....	8.96%	35.20%(b)	44.88%	17.05%
Market Value(a) .....	11.31%	18.73%	60.38%	23.43%
Benchmark .....	5.43%(1)	32.73%(2)	40.65%(3)	14.68%(4)

- (a) Total return based on net asset value reflects changes in the Fund's net asset value during the period. Total return based on market value reflects changes in market value. Each figure includes reinvestments of distributions. These figures will differ depending upon the level of any discount from or premium to net asset value at which the Fund's shares trade during the period.
- (b) Return excludes the effect of the \$2.15 per share dilution associated with the Fund's rights offering.
- (c) Total returns shown for the six month period are not annualized.

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(1) Represents an arithmetic composite consisting of 45% CECE\*/45% RTX\*\*/10% ISE National 30\*\*\*.

(2) Represents an arithmetic composite consisting of 70% CECE/30% RTX for the 5 months ended 3/31/04 and 45% CECE/45% RTX/10% ISE National 30 for the seven months ended 10/31/04. The Fund changed its benchmark from 70% CECE/30% RTX to 45% CECE/45% RTX/10% ISE National 30 on April 1, 2004.

(3) Represents an arithmetic composite consisting of 85% CECE/15% RTX for the 9 months ended 7/31/03 and 70% CECE/30% RTX for the 3 months ended 10/31/03. The Fund changed its benchmark from 85% CECE/15% RTX to 70% CECE/30% RTX on August 1, 2003.

(4) Represents the CECE Index.

(5) Represents an arithmetic composite consisting of a customized MSCI index for the 2 months ended 12/31/00 and the CECE Index for the 10 months ended 10/31/01. The customized MSCI index consists of 35% Germany, 20% Poland, 15% Hungary, 10% Czech Republic, 10% Russia and 10% Austria. The Fund changed its benchmark from a customized MSCI Index to the CECE Index on January 1, 2001.

(6) Represents a customized MSCI Index. The customized MSCI index consists of 35% Germany, 20% Poland, 15% Hungary, 10% Czech Republic, 10% Russia and 10% Austria.

\* The CECE is a regional capitalization-weighted index including stocks from the Czech Republic, Hungary and Poland and is published daily by the Vienna Stock Exchange as well.

\*\* The RTX is a capitalization-weighted index of Russian blue chip stocks and published daily by the Vienna Stock Exchange.

\*\*\* The ISE National 30 is a capitalization-weighted index composed of National Market companies except investment trusts and will also be used for trading in the Derivatives Market.

Index returns assume reinvestment of dividends and, unlike Fund returns, do not reflect any fees or expenses. It is not possible to invest directly into an index.

Investments in funds involve risks including the loss of principal.

This Fund is not diversified and may focus its investments in certain geographical regions, thereby increasing its vulnerability to developments in that region. Investing in foreign securities presents certain unique risks not associated with domestic investments, such as currency fluctuation and political and economic changes and market risks. This may result in greater share price volatility.

Shares of closed-end funds frequently trade at a discount to net asset value. The price of the fund's shares is determined by a number of factors, several of which are beyond the control of the fund. Therefore, the fund cannot predict whether its shares will trade at, below or above net asset value. Closed-end

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funds, unlike open-end funds, are not continuously offered. There is a one-time public offering, and once issued, shares of closed-end funds are sold in the open market through a stock exchange.

The fund will seek to comply with the German tax transparency rules for the fiscal year that ends on October 31, 2005 and therefore qualify as a transparent fund within the meaning of the German fund tax law (InvStG 2004).

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### FUND HISTORY AS OF APRIL 30, 2005 (CONTINUED)

#### STATISTICS:

Net Assets	\$316,381,367
Shares Outstanding	10,197,209
NAV Per Share	\$31.03

#### DIVIDEND AND CAPITALGAIN DISTRIBUTIONS:

RECORD DATE	PAYABLE DATE	ORDINARY INCOME	LT CAPITAL GAINS	TOTAL
-----	-----	-----	-----	-----
12/22/04	12/31/04 .....	\$0.17	--	\$0.17
12/22/03	12/31/03 .....	\$0.22	--	\$0.22
11/19/01	11/29/01 .....	\$0.23	--	\$0.23

#### OTHER INFORMATION:

NYSE Ticker Symbol .....	CEE
NASDAQ Symbol .....	XCEEX
Dividend Reinvestment Plan .....	Yes
Voluntary Cash Purchase Program .....	Yes
Annualized Expense Ratio (4/30/05)* .....	1.22%

\* Represents expense ratio before custody credits. Please see "Financial Highlights" section of this report.

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### 10 LARGEST EQUITY HOLDINGS AS OF APRIL 30, 2005 (AS A % OF PORTFOLIO'S MARKET VALUE\*)

1. Lukoil	15.3	6. Ceske Energeticke Zavody	4.1
2. Surgutneftegaz	9.4	7. Telekomunikacja Polska	3.8
3. JSC MMC Norilsk Nickel	8.7	8. OTP Bank	3.8
4. Polski Koncern Naftowy	5.8	9. Bank Pekao	3.7
5. Mol Magyar Olaj-ES Gazipari	4.5	10. Komercni Banka	2.7

\*Percentage (%) of market value refers to all securities in the portfolio, except cash and equivalents.

[GRAPHIC OMITTED]

DATA POINTS USED IN PRINTED GRAPHIC AS FOLLOWS:

Netherlands 0.2%  
Turkey 13.0%

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Hungary 11.8%  
Austria 2.8%  
Czech Republic 6.8%  
Poland 19.9%  
Russia 45.5%

10 Largest Equity Holdings and Country Breakdown are subject to change.

Following the Fund's fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q. The form will be available on the SEC's Web site at [www.sec.gov](http://www.sec.gov), and it also may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the SEC's Public Reference Room may be obtained by calling (800) SEC-0330.

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### INTERVIEW WITH THE CHIEF INVESTMENT OFFICER

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QUESTION: RUSSIA RECENTLY REACHED AN AGREEMENT WITH THE EU TO REPAY A PORTION OF ITS PARIS CLUB DEBT EARLY. WHAT IS THE SIGNIFICANCE OF THIS?

ANSWER: Russia's landmark agreement to repay \$15 billion of its \$40 billion Paris Club debt--the largest ever early repayment of Paris Club debt--is significant for a number of reasons. First, the Russian government will save \$6 billion in interest payments between now and 2020. Second, early repayment sends a signal to the markets that the government is exercising fiscal responsibility. Rather than squander the windfall it has received from high oil prices, the government is using monies from its Oil Stabilization Fund to strengthen its fiscal position. The improved credit ratios resulting from Russia's pay-down of external debt could ultimately lead to upgrades in sovereign credit ratings and lower borrowing costs.

QUESTION: IN HIS STATE OF THE NATION ADDRESS, PRESIDENT PUTIN OUTLINED A PROPOSAL FOR LEGISLATION THAT WOULD LIMIT FOREIGN OWNERSHIP IN CERTAIN SECTORS OF THE ECONOMY DEEMED TO BE IMPORTANT TO NATIONAL SECURITY. IS THIS A PENDULUM SWING IN THE WRONG DIRECTION?

ANSWER: This legislation is not necessarily bad for foreign investors. One of the greatest risks in investing in Russia is the significant leeway the government has in its interpretation of current laws. It might be important to watch how the legislation develops to see the extent to which foreign investment is restricted and whether the legislation outlines clear rules. Well-defined property rights ultimately mitigate risk to foreign investors and could help reduce the possibility of another Yukos-style affair.

QUESTION: THE CE-3 COUNTRIES--POLAND, HUNGARY, AND THE CZECH REPUBLIC--HAVE BEEN MEMBERS OF THE EUROPEAN UNION FOR A YEAR NOW. ARE THERE ANY TANGIBLE BENEFITS TO THEIR EU MEMBERSHIP YET?

ANSWER: Since gaining EU membership last year, the CE-3 countries have performed well, and the governments have continued to move forward on macroeconomic goals. In particular, all three countries have achieved progress on inflation targets. In terms of specific benefits of EU membership, the impact on trade, foreign investment and infrastructure development is already tangible. Farmers have reaped the rewards of EU trade in Poland, for example, where agricultural exports are up 39% and average income for agricultural workers increased 73% last year (FT/Eurostat, 5/9/05). Opening borders with Western Europe has also led to increased foreign direct investment (FDI), as global companies

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increasingly build manufacturing and distribution centers in the lower-cost countries of Central and Eastern Europe. Meanwhile, commercial real estate developers are flocking to the region to capitalize on growing consumer demand. The region has also seen improved infrastructure, as CE-3 countries now have access to EU funds to upgrade highways and ports. The success of the CE-3 countries is ultimately contingent on the continued commitment of their governments to implement reforms, but the benefits of EU membership are already evident.

QUESTION: THE TURKISH MARKET HAS RESPONDED FAVORABLY TO THE POSSIBILITY OF EU MEMBERSHIP. HOWEVER, THERE IS A LOT OF DEBATE AMONG CURRENT MEMBER COUNTRIES AS TO WHETHER TURKEY SHOULD BE INCLUDED IN THE EU. IF MEMBERSHIP TALKS FAIL, ARE THE FUNDAMENTALS STRONG ENOUGH TO SUPPORT CURRENT MARKET VALUATIONS?

ANSWER: EU membership certainly carries with it a certain value for the markets, but it is important to realize that Turkey earned a start date for EU membership talks by making progress on economic and political reforms. Over the past six months, the government has demonstrated further commitment to those reforms, and the international community has recognized those efforts, as shown by the dramatic increase in foreign investment in Turkey in the past few months. We believe this inflow of funds, coupled with expected M&A activity in the banking and telecommunications sectors, is changing the structure of the Turkish market. Even if talks ultimately fail, the fiscal and economic strength that Turkey is building now could limit the impact of any potential political derailment of membership talks.

Sandra M. Schaufler, Chief Investment Officer of the Central Europe and Russia Fund

May 20, 2005

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REPORT FROM THE INVESTMENT ADVISER AND MANAGER

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CZECH REPUBLIC:

The final quarter of 2004 saw real gross domestic product (GDP) expand 4.3% year-over-year (y-o-y), which was the best performance by the Czech economy since 1996. This result was even more welcome due to the improved structure of growth that combined a sharp slowdown of import growth with an acceleration of export growth. Apart from solid external demand, an inventory adjustment by domestic companies was behind the shift in structure of GDP growth. Q1 2005 data held up reasonably well but reflected high base effects associated with EU accession last year. Industrial output, exports and retail sales all posted solid gains. Within the balance-of-payments data, foreign direct investment (FDI) remains robust. Due to expected rising private-sector consumption, strong investment and export growth we are anticipating that GDP will rise by more than 4% this year. Over the medium term, supply-side reforms (improving labor-market flexibility, promoting new small businesses, etc.) are needed to maintain this pace. The Czech National Bank cut its repossession rate three times since the beginning of the year, to 1.75%.



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### HUNGARY:

Q4 GDP growth edged up to 3.8% y-o-y, one tick higher than in Q3, and was roughly in line with consensus. Overall, GDP rose 4.0% in 2004. Unemployment has hit a multi-year high this year, partly due to seasonal factors but also as a result of a slowdown in the lower-value-added sectors of the economy. We are basing our investment stance on the consumer price index meeting the National Bank of Hungary's target both this year and next and remain between 3.5% to 4.0% for the rest of this year. We see room for 50 to 75 basis points (bps) in easing before year-end. The foreign trade deficit narrowed in Q4 2004: export growth picked up to 3.8% quarter over quarter in seasonally adjusted terms, following 1.8% in Q3, while import growth was broadly flat over Q4. Fiscal credibility remains weak, with the deficit at the end of April 2005 standing at 69% of the full-year target. We expect the official annual goal of 4.7% to be missed, with a deficit of 5.2% to 5.4% of GDP more likely. Like most Central European currencies, the forint has weakened over recent months, though to a much smaller extent. We believe that the risks are weighted toward further weakness from here, given Hungary's ongoing twin-deficits problem.

### POLAND:

The Polish economy in Q4 2004 saw a further slowing in the pace of expansion, with GDP growth slowing to 3.9% year-over-year (y-o-y), from 4.8% in Q3 and 6.1% in Q2. The paces of exports and industrial production both cooled from their above-trend tracks during the first half of 2004. Q1 2005 saw a further deceleration in growth, due to low real-wage growth and weaker Euroland demand for Polish exports. Based on economic stimulus, we expect GDP to pick up again in the second half of 2005. Falling inflation (3.0% y-o-y in April, compared with 4.4% y-o-y in December) should support real wage growth, while rising growth in consumer credit should also boost consumer purchasing power. We also expect a pickup in Euroland growth in the second half of the year, supporting Polish industrial production and exports. The combination of the strong currency, slower growth and much better-than-expected inflation performance has prompted the National Bank of Poland ("NBP") to cut rates by 100 bps to 5.5% year-to-date. With further currency appreciation in sight and risks weighted toward an undershoot of the inflation target, we are assuming the NBP is likely to cut rates by a further 50 bps to year-end. The current account has surprised on the upside year to date, registering a surplus over the first two months of EUR195mn, compared with a deficit of EUR96mn for the same period in 2003. The state budget has also performed reasonably in the first months of 2005, despite frontloaded payments to the EU. Overall, we believe the economy is in good condition, with a sustainable balance-of-payments picture. Fiscal policy requires reform, and we expect the next government to push ahead with this. GDP growth is forecast at a robust 3.8% for the year as a whole.

### RUSSIA:

The Russian economy turned in a strong performance in 2004, posting GDP growth of 7.1%, several notches above expectations even three months ago. The source of this surprise stems from the high raw materials prices enjoyed by exporters, especially in the second half of 2004. The Russian consumer was also in good form, having seen real incomes grow nearly 11% that led to a growth in retail sales of about the same magnitude. Economic growth during Q1 2005, from the evidence in hand, appeared to maintain itself near 5% y-o-y, though within this there were important

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REPORT FROM THE INVESTMENT ADVISER AND MANAGER (CONTINUED)

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crosscurrents. On the one side, the economy was buoyed by the extremely high export selling prices for oil, metals and other natural resources, which drove the "top line" of economic value. But this masked other, more worrying trends which will become visible once the price of oil moderates. Fixed capital investment is one weak area, and spending year-over-year may actually decline during the first half of 2005, as the investment climate remains uncertain. Real personal income growth has also moderated, heralding a likely slowing in domestic consumption. Currency reserves soared to \$125 billion (US \$) by year-end 2004, pushing Russia into net creditor status for the first time since communism, and paving the way for another round of credit rating upgrades, perhaps in mid-2005. Inflation was a disappointment, though, as cash inflows to the economy and high real income growth made price restraint difficult. Authorities will struggle to bring price growth down to the 10% level by year-end, let alone the earlier 8% target. But of greater concern currently is maintaining GDP growth as both investment and export prices slow. A conscious effort to weaken the ruble in order to help exporters will also not help the inflation fight, which may be deferred until 2006.

### TURKEY:

After the 9.9% growth seen for 2004 GNP, some moderation is in store, but growth near 5% looks plausible for 2005 and 2006, especially if ongoing reforms are pushed ahead. In fact, there is some chance of this target being exceeded this year, with industrial output starting strongly. For the first three months of the year, output was up 8.2% y-o-y, reflecting strong growth of both exports and imports. In March, industry grew 5.5%, exports rose 23.5%, and imports were up 20.3%. However, the larger size of cumulative imports meant that the trade deficit rose 15% y-o-y, to \$3.7 billion (US\$). The current account deficit also rose, increasing 18% in the first three months to \$2.8 billion (US\$) due to the higher trade deficit. FDI flows are expected to reach a record high level of \$7.8 billion (US\$), which will help allay financing concerns to a great extent. Total foreign debt at year-end 2004 was \$162 billion (US\$), or 54% of GNP, down from 61% the year before. We feel this is a major progress and could support a credit rating upgrade later in 2005. Some aspects of the economy are doing extremely well. Among these is tourism, where the monthly data for March show a 41% rise in visits, y-o-y. Another positive trend is inflation, where CPI has come in below consensus in both February and March, with the latest figure falling to 7.9% y-o-y, versus 8.7% in February. And though the producer price index rose a fuel-induced 1.3% month-over-month in March, taking the annual rate up to 11.3%, the CPI is on track to reach 7% by year-end. This has led the central bank to cut interest rates, currently at 14.5%; the benchmark rate could see several more cuts during 2005, to as low as 13.5%.

### SPECIAL CONSIDERATIONS

The observations in this letter reflect our own opinions as of May 20, 2005 and are based on our own analysis, and others may have different opinions. Events may not transpire as we or they currently expect. Also, while economic events can influence broad market trends, political, monetary and other factors are also relevant to stock performance. In any event, investment results will depend on our success in identifying individual stocks, which are influenced by many factors beyond general economic matters. We cannot predict investment results or whether they will be successful.

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THE CENTRAL EUROPE AND RUSSIA FUND, INC.  
 SCHEDULE OF INVESTMENTS -- APRIL 30, 2005 (UNAUDITED)

SHARES	DESCRIPTION	VALUE
INVESTMENTS IN RUSSIAN SECURITIES -- 45.3%		
COMMON STOCKS -- 43.3%		
DIVERSIFIED TELECOMMUNICATION SERVICES -- 2.4%		
140,000	Mobile Telesystems (GDR) .....	\$ 4,635,400
200,000	Rostelecom (ADR) .....	2,510,000
10,500	Vimpel Communications (ADR)* .....	342,825
		7,488,225
METALS & MINING -- 10.0%		
496,000	JSC MMC Norilsk Nickel (ADR) .....	27,528,000
150,000	Mechel Steel Group OAO (ADR)* .....	4,021,500
		31,549,500
MULTI-UTILITIES -- 2.0%		
218,000	Unified Energy Systems (GDR) .....	6,474,600
OIL, GAS & CONSUMABLE		
FUELS -- 28.9%		
354,500	Lukoil (ADR) .....	48,034,750
240,000	OAO Gazprom (ADR) .....	8,100,000
76,000	Sibneft (ADR) .....	1,178,000
850,000	Surgutneftegaz (ADR) .....	29,707,500
102,500	Tatneft (ADR) .....	3,408,125
52,000	Vostok Nafta Investment (SDR)* .....	871,697
		91,300,072
	Total Common Stocks	
	(cost \$106,011,528) .....	136,812,397
WARRANTS -- 2.0%		
OIL, GAS & CONSUMABLE FUELS -- 2.0%		
7,750	Transneft Warrants (expire 4/18/06)*	
	(Cost \$6,771,010) .....	6,326,028
	Total Investments in Russian Securities	
	(cost \$112,782,538) .....	143,138,425
INVESTMENTS IN POLISH		
COMMON STOCKS -- 19.8%		
BUILDING PRODUCTS -- 0.8%		
85,095	Cersanit-Krasnystaw* .....	2,642,222

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	COMMERCIAL BANKS -- 4.7%	
81,746	Bank Pekao .....	3,219,224
178,094	Bank Pekao (GDR) .....	7,034,713
38,000	Bank Pekao (GDR)+ .....	1,501,000
25,500	ING Bank Slaski .....	3,298,446
		-----
		15,053,383
		-----
	CONSTRUCTION & ENGINEERING -- 0.2%	
40,842	Budimex* .....	587,681
		-----
	DIVERSIFIED FINANCIAL SERVICES -- 1.3%	
29,539	Bank Przemyslowo-Handlowy BPH .....	4,223,564
		-----
	DIVERSIFIED TELECOMMUNICATION SERVICES -- 3.8%	
1,670,207	Telekomunikacja Polska .....	9,233,673
490,000	Telekomunikacja Polska (GDR)+ .....	2,714,600
		-----
		11,948,273
		-----
	HOUSEHOLD DURABLES -- 0.2%	
39,000	Tvn* .....	519,827
		-----
	INTERNET SOFTWARE & SERVICES -- 0.3%	
32,154	Prokom Software* .....	973,065
		-----
	METAL & MINING -- 1.7%	
597,029	KGHM Polska Miedz .....	5,407,642
		-----
	OIL, GAS & CONSUMABLE FUELS -- 5.8%	
661,102	Polski Koncern Naftowy .....	9,152,210
149,500	Polski Koncern Naftowy (GDR) .....	4,178,525
180,000	Polski Koncern Naftowy (GDR)+ .....	5,031,000
		-----
		18,361,735
		-----
	REAL ESTATE -- 1.0%	
109,018	Echo Investment* .....	3,005,252
		-----
	Total Investments in Polish Common Stocks (cost \$27,651,988) .....	62,722,644
		-----
	INVESTMENTS IN TURKISH COMMON STOCKS -- 12.9%	
	BUILDING PRODUCTS -- 0.5%	
518,568	Trakya Cam Sanayii .....	1,514,833
		-----

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 -- APRIL 30, 2005 (UNAUDITED) (CONTINUED)

SHARES	DESCRIPTION	VALUE
	CHEMICALS -- 0.9%	
750,000	Petkim Petrokimya Holding* .....	\$ 2,733,189
	COMMERCIAL BANKS -- 1.4%	
586,420	Denizbank* .....	1,645,198
1,081,276	Finansbank* .....	2,955,330
		4,600,528
	DIVERSIFIED FINANCIAL SERVICES -- 6.5%	
937,500	Akbank .....	4,507,863
400,000	Haci Omer Sabanci Holding .....	1,168,474
1,237,918	Turkiye Garanti Bankasi* .....	4,430,725
1,630,000	Turkiye Is Bankasi .....	8,309,111
550,000	Yapi ve Kredi Bankasi* .....	2,020,246
		20,436,419
	DIVERSIFIED TELECOMMUNICATION SERVICES -- 1.8%	
934,921	Turkcell Iletisim Hizmetleri .....	5,746,082
	HOUSEHOLD DURABLES -- 0.6%	
600,000	Vestel Elektronik Sanayi* .....	2,082,430
	INDUSTRIAL CONGLOMERATES -- 0.4%	
600,000	Dogan Sirketler Grubu Holding* .....	1,284,165
	OIL, GAS & CONSUMABLE FUELS -- 0.8%	
200,000	Tupras-Turkiye Petrol Rafinerileri .....	2,530,730
	Total Investments in Turkish Common Stocks (cost \$32,739,883) .....	40,928,376
	INVESTMENTS IN HUNGARIAN COMMON STOCKS -- 11.7%	
	CHEMICALS -- 1.1%	
293,000	BorsodChem .....	3,409,351
	COMMERCIAL BANKS -- 3.8%	
337,400	OTP Bank .....	10,389,783
25,000	OTP Bank (GDR) .....	1,535,000
		11,924,783
	DIVERSIFIED TELECOMMUNICATION SERVICES -- 1.1%	
349,804	Magyar Telekom .....	1,541,381
83,000	Magyar Telekom (ADR) .....	1,845,090
		3,386,471

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	OIL, GAS & CONSUMABLE	
	FUELS -- 4.4%	
110,000	Mol Magyar Olaj-Es Gazipari .....	9,074,141
61,000	Mol Magyar Olaj-Es Gazipari	
	(GDR) .....	5,008,100
		-----
		14,082,241
		-----
	PHARMACEUTICALS -- 1.3%	
30,000	Gedeon Richter .....	3,658,349
4,300	Gedeon Richter (GDR) .....	527,825
		-----
		4,186,174
		-----
	Total Investments in Hungarian	
	Common Stocks	
	(cost \$13,848,171) .....	36,989,020
		-----
	INVESTMENTS IN CZECH REPUBLIC	
	COMMON STOCKS -- 6.8%	
	COMMERCIAL BANKS -- 2.7%	
4,500	Komercni Banka .....	570,804
189,996	Komercni Banka (GDR) .....	7,979,832
		-----
		8,550,636
		-----
	MULTI-UTILITIES -- 4.1%	
750,000	Ceske Energeticke Zavody .....	12,882,870
		-----
	Total Investments in Czech	
	Republic Common Stocks	
	(cost \$4,454,743) .....	21,433,506
		-----
	INVESTMENTS IN AUSTRIAN	
	COMMON STOCKS -- 2.8%	
	COMMERCIAL BANKS -- 2.8%	
146,740	Erste Bank der Oester Spark .....	7,116,459
32,300	Raiffeisen International Bank	
	Holding* .....	1,671,331
		-----
	Total Investments in Austrian	
	Common Stocks	
	(cost \$4,126,541) .....	8,787,790
		-----

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 -- APRIL 30, 2005 (UNAUDITED) (CONTINUED)

SHARES	DESCRIPTION	VALUE
-----	-----	-----

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INVESTMENTS IN DUTCH		
	COMMON STOCK -- 0.2%	
	BEVERAGES -- 0.2%	
23,000	Efes Breweries International (GDR)*	
	(Cost \$534,750) .....	\$ 727,490
		-----
	Total Investments--99.5%	
	(cost \$196,138,614) .....	\$314,727,251
	Cash and other assets in excess	
	of liabilities--0.5% .....	1,654,116
		-----
	NET ASSETS--100.0% .....	\$316,381,367
		-----

- 
- \* Non-income producing security.
  - + 144A -- Restricted to resale to institutional investors only.
  - 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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THE CENTRAL EUROPE AND RUSSIA FUND, INC.  
STATEMENT OF ASSETS AND LIABILITIES  
APRIL 30, 2005 (UNAUDITED)

ASSETS

Investments, at value, (cost \$196,138,614) .....	
Cash and foreign currency (cost \$1,444,082) .....	
Dividend receivable .....	
Foreign withholding tax refund receivable .....	
Interest receivable .....	
Other assets .....	
 Total assets .....	

LIABILITIES

Management fee payable .....	
Investment advisory fee payable .....	
Payable for Directors' fees and expenses .....	
Accrued expenses and accounts payable .....	
 Total liabilities .....	

NET ASSETS .....

Net assets consist of:

Paid-in capital, \$.001 par (Authorized 80,000,000 shares) .....	
Cost of 5,864,443 shares held in treasury .....	
Accumulated distributions in excess of net investment income .....	
Accumulated net realized gain on investments and foreign currency transactions .....	

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Net unrealized appreciation on investments and foreign currency related transactions .....  
Net assets .....  
Net asset value per share (\$316,381,367 / 10,197,209 shares of common stock issued and outstanding)

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

11

THE CENTRAL EUROPE AND RUSSIA FUND, INC.  
STATEMENT OF OPERATIONS (UNAUDITED)

NET INVESTMENT INCOME (LOSS)

Dividends (net of foreign withholding taxes of \$15,258) .....  
Interest .....  
Securities lending, net of borrower rebates .....

Total investment income .....

Expenses

Management fee .....  
Investment advisory fee .....  
Custodian and Transfer Agent's fees and expenses .....  
Reports to shareholders .....  
Directors' fees and expenses .....  
Legal fee .....  
Audit fee .....  
NYSE Listing Fee .....  
Miscellaneous .....

Total expenses before custody credits\* .....  
Less: custody credits .....

Net expenses .....

Net investment loss .....

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN  
CURRENCY TRANSACTIONS

Net realized gain (loss) on:

Investments .....  
Foreign currency transactions .....

Net unrealized appreciation (depreciation) during the period on:

Investments .....  
Translation of other assets and liabilities from foreign currency .....



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Net gain on investments and foreign currency transactions .....  
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS .....

-----  
\*The custody credits are attributable to interest earned on U.S. cash balances held on deposit at custodian.

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

12

THE CENTRAL EUROPE AND RUSSIA FUND, INC.  
STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)

	FOR THE SIX MONTHS END APRIL 30, 2005
INCREASE (DECREASE) IN NET ASSETS	
Operations	
Net investment income (loss) .....	\$ (839,599)
Net realized gain (loss) on:	
Investments .....	14,064,295
Foreign currency transactions .....	(108,489)
Net unrealized appreciation (depreciation) on:	
Investment transactions during the period .....	12,944,375
Translation of other assets and liabilities from foreign currency .....	(22,890)
Net increase in net assets resulting from operations .....	26,037,692
Distributions to shareholders from:	
Net investment income (a) .....	(1,733,526)
Capital share transactions:	
Net proceeds from rights offering of Fund shares (0 and 2,555,677 shares, respectively) .....	--
Net proceeds from reinvestment of dividends (0 and 37,769 shares, respectively) .....	--
Cost of shares repurchased (0 and 97,300 shares, respectively) .....	--
Net increase (decrease) in net assets from capital share transactions .....	--
Total increase in net assets .....	24,304,166
NET ASSETS	
Beginning of period .....	292,077,201
End of period (including accumulated distributions in excess of net investment income of \$1,604,891 and undistributed net investment income of \$968,234 as of April 30, 2005 and October 31, 2004, respectively) .....	\$316,381,367

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(a) For U.S. tax purposes, total distributions to shareholders consisted entirely of Ordinary Income.

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

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THE CENTRAL EUROPE AND RUSSIA FUND, INC.  
NOTES TO FINANCIAL STATEMENTS--APRIL 30, 2005 (UNAUDITED)  
-----

### NOTE 1. ACCOUNTING POLICIES

The Central Europe and RUSSIA FUND, Inc. is a non-diversified, closed-end management investment company incorporated in Maryland. The Fund commenced investment operations on March 6, 1990.

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**SECURITY VALUATION:** Investments are stated at value. All securities for which market quotations are readily available are valued at the last sales price on the primary exchange on which they are traded prior to the time of valuation. If no sales price is available at that time, and both bid and ask prices are available, the securities are valued at the mean between the last current bid and ask prices; if no quoted asked prices are available, they are valued at the last quoted bid price. All securities for which market quotations are not readily available will be valued as determined in good faith by the Board of Directors of the Fund. The Fund calculates its net asset value per share at 11:30 A.M., New York time, in order to minimize the possibility that events occurring after the close of the securities exchanges on which the Fund's portfolio securities principally trade would require adjustment to the closing market prices in order to reflect fair value.

**SECURITIES TRANSACTIONS AND INVESTMENT INCOME:** Securities transactions are recorded on the trade date. Cost of securities sold is calculated using the identified cost method. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. Such dividend income is recorded net of unrecoverable foreign withholding tax.

**LOANS OF PORTFOLIO SECURITIES:** The Fund may lend portfolio securities while it continues to earn dividends on such securities loaned. The market value of government securities received as collateral is required to be at least equal to 105 percent of the market value of the securities loaned, which are marked-to-market daily. Securities lending fees, net of rebates and agency fees, are earned by the Fund and are identified separately in the Statement of Operations.

**FOREIGN CURRENCY TRANSLATION:** The books and records of the Fund are maintained in United States dollars.

Assets and liabilities denominated in euros and other foreign currency are translated into United States dollars at the 10:00 A.M. mid-point of the buying and selling spot rates quoted by the Federal Reserve Bank of New York. Purchases

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and sales of investment securities, income and expenses are reported at the rate of exchange prevailing on the respective dates of such transactions. The resultant gains and losses arising from exchange rate fluctuations are identified separately in the Statement of Operations, except for such amounts attributable to investments, which are included in net realized and unrealized gains and losses on investments.

Foreign investments may involve certain considerations and risks not typically associated with those of domestic origin as a result of, among others, the possibility of political and economic developments and the level of governmental supervision and regulation of foreign securities markets. In addition, certain foreign markets may be substantially smaller, less developed, less liquid and more volatile than the major markets of the United States.

CONTINGENCIES: In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

TAXES: No provision has been made for United States Federal income tax because the Fund intends to meet the requirements of the United States Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to shareholders.

DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS: The Fund records dividends and distributions to its shareholders on the ex-dividend date. Income and capital gain distributions are determined in accordance with United States Federal income tax regulations which may differ from accounting principles generally accepted in the United States of America. These differences, which could be temporary or permanent in nature, may result in reclassification of distributions; however, net investment income, net realized gains and net assets are not affected.

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THE CENTRAL EUROPE AND RUSSIA FUND, INC.

NOTES TO FINANCIAL STATEMENTS--APRIL 30, 2005 (UNAUDITED) (CONTINUED)

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### NOTE 2. MANAGEMENT AND INVESTMENT

#### ADVISORY AGREEMENTS

The Fund had a Management Agreement with Deutsche Bank Securities Inc. (the "Manager"). At its July 12, 2004 Board meeting, the Board approved transferring the Fund's management agreement with Deutsche Bank Securities Inc. to an affiliated company, Deutsche Investment Management Americas Inc. The transfer, which became effective September 1, 2004, does not involve any change in control or actual management of the investment manager, which will provide the same scope of services, will utilize the same people for work on Fund matters and will charge the same fees under the agreement. The Fund has an Investment Advisory Agreement with Deutsche Asset Management International GmbH (the "Investment Adviser"). The Manager and the Investment Adviser are affiliated companies.

The Management Agreement provides the Manager with a fee, computed weekly and payable monthly, at the annual rates of .65% of the Fund's average weekly net

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assets up to \$100 million, and .55% of such assets in excess of \$100 million. The Investment Advisory Agreement provides the Investment Adviser with a fee, computed weekly and payable monthly, at the annual rates of .35% of the Fund's average weekly net assets up to \$100 million and .25% of such assets in excess of \$100 million. Accordingly, for the period ended April 30, 2005, the fee pursuant to the Management and Investment Advisory Agreements was equivalent to an annual effective rate of .86% of the Fund's average net assets.

Pursuant to the Management Agreement, the Manager is the corporate manager and administrator of the Fund and, subject to the supervision of the Board of Directors and pursuant to recommendations made by the Fund's Investment Adviser, determines the suitable securities for investment by the Fund. The Manager also provides office facilities and certain administrative, clerical and bookkeeping services for the Fund. Pursuant to the Investment Advisory Agreement, the Investment Adviser, in accordance with the Fund's stated investment objective, policies and restrictions, makes recommendations to the Manager with respect to the Fund's investments and, upon instructions given by the Manager as to suitable securities for investment by the Fund, transmits purchase and sale orders to select brokers and dealers to execute portfolio transactions on behalf of the Fund.

### NOTE 3. TRANSACTIONS WITH AFFILIATES

Certain officers of the Fund are also officers of either the Manager or Deutsche Bank AG.

The Fund pays each Director not affiliated with the Manager retainer fees plus specified amounts for attended board and committee meetings.

### NOTE 4. PORTFOLIO SECURITIES

Purchases and sales of investment securities, other than short-term investments, for the period ended April 30, 2005 were \$49,075,724 and \$50,733,685, respectively.

The cost of investments at April 30, 2005 was \$196,443,835 for United States Federal income tax purposes. Accordingly, as of April 30, 2005, net unrealized appreciation of investments aggregated \$118,283,416, of which \$121,636,335 and \$3,352,919 related to unrealized appreciation and depreciation, respectively.

For United States Federal income tax purposes, the Fund had a capital loss carryforward at October 31, 2004 of approximately \$3,500,000 which will expire in 2010.

No capital gains distribution is expected to be paid to shareholders until future net gains have been realized in excess of such carry forward.

### NOTE 5. PORTFOLIO SECURITIES LOANED

As of April 30, 2005, the Fund had no securities on loan. For the period ended April 30, 2005, the Fund earned \$30,590 as securities lending fees, net of rebates and agency fees.

### NOTE 6. CAPITAL

During the year ended October 31, 2004, the Fund purchased 97,300 of its shares of common stock in the open market at a total cost of \$2,074,803. The weighted average discount of these purchased shares comparing the purchased price to the net asset value at the time of purchase was 9.35%. These shares are held in treasury. The Fund had no capital stock repurchase activity for the period ended April 30, 2005.

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THE CENTRAL EUROPE AND RUSSIA FUND, INC.  
FINANCIAL HIGHLIGHTS

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Selected data for a share of common stock outstanding throughout each of the periods indicated:

	FOR THE SIX MONTHS ENDED APRIL 30, 2005		FOR THE YEARS EN	
	(UNAUDITED)	2004	2003	20
	-----	-----	-----	-----
Per share operating performance:				
Net asset value:				
Beginning of period	\$ 28.64	\$ 23.08	\$ 15.93	\$ 13
	-----	-----	-----	-----
Net investment income (loss)	(.08)	.20	.21	(
Net realized and unrealized gain (loss) on investments and foreign currency transactions	2.64	7.97	6.86	2
	-----	-----	-----	-----
Increase (decrease) from investment operations	2.56	8.17	7.07	2
	-----	-----	-----	-----
Increase resulting from share repurchases	--	.02	.08	--
	-----	-----	-----	-----
Distributions from net investment income	(.17)	(.22)	--	(
Distributions from net realized foreign currency gains	--	--	--	(
Distributions from net realized short-term capital gains	--	--	--	--
Distributions from net realized long-term capital gains	--	--	--	--
	-----	-----	-----	-----
Total distributions+	(.17)	(.22)	--	(
	-----	-----	-----	-----
Dilution from rights offering	--	(2.15)	--	--
	-----	-----	-----	-----
Dealer manager fees and offering costs	--	(0.25)	--	--
	-----	-----	-----	-----
Dilution in NAV from dividend reinvestment	--	(.01)	--	(
	-----	-----	-----	-----
Net asset value:				
End of period	\$ 31.03	\$ 28.64	\$ 23.08	\$ 15
	=====	=====	=====	=====
Market value				
End of period	\$ 27.65	\$ 24.99	\$ 21.25	\$ 13
Total investment return for the period:++				
Based upon market value	11.31%****	18.73%	60.38%	23
Based upon net asset value	8.96%****	35.20%*	44.88%	17
Ratio to average net assets:				
Total expenses before custody credits**	1.22%***	1.27%	1.51%	1
Net investment income (loss)	(.26)%*****	.81%	1.00%	(
Portfolio turnover	30.72%***	45.29%	43.88%	57
Net assets at end of period (000's omitted)	\$316,381	\$292,027	\$177,766	\$126,

PROXY VOTING

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A description of the Fund's policies and procedures for voting proxies for portfolio securities and information about how the Fund voted proxies related to its portfolio securities during the 12-month period ended June 30 is available on our Web site -- [www.ceefund.com](http://www.ceefund.com) or on the SEC's Web site -- [www.sec.gov](http://www.sec.gov). To obtain a written copy of the Fund's policies and procedures without charge, upon request, call us toll free at (800) 437-6269.

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EXECUTIVE OFFICES

345 PARK AVENUE, NEW YORK, NY 10154

(FOR LATEST NET ASSET VALUE, SCHEDULE OF THE FUND'S LARGEST HOLDINGS, DIVIDEND DATA AND SHAREHOLDER INQUIRIES, PLEASE CALL 1-800-437-6269 IN THE U.S. OR 617-443-6918 OUTSIDE OF THE U.S.)

MANAGER

DEUTSCHE INVESTMENT MANAGEMENT AMERICAS INC.

INVESTMENT ADVISER

DEUTSCHE ASSET MANAGEMENT INTERNATIONAL GMBH

CUSTODIAN AND TRANSFER AGENT

INVESTORS BANK & TRUST COMPANY

LEGAL COUNSEL

SULLIVAN & CROMWELL LLP

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PRICEWATERHOUSECOOPERS LLP

DIRECTORS AND OFFICERS

CHRISTIAN H. STRENGER

CHAIRMAN AND DIRECTOR

DETLEF BIERBAUM

DIRECTOR

KURT W. BOCK

DIRECTOR

JOHN A. BULT

DIRECTOR

RICHARD R. BURT

DIRECTOR

JOHN H. CANNON

DIRECTOR

FRED H. LANGHAMMER

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DIRECTOR

ROBERT H. WADSWORTH  
DIRECTOR

WERNER WALBROL  
DIRECTOR

JULIAN F. SLUYTERS  
PRESIDENT AND CHIEF EXECUTIVE OFFICER

PAUL H. SCHUBERT  
CHIEF FINANCIAL OFFICER

SANDRA M. SCHAUFLE  
CHIEF INVESTMENT OFFICER

VINCENT J. ESPOSITO  
VICE PRESIDENT

CHARLES A. RIZZO  
TREASURER

KATHLEEN SULLIVAN D'ERAMO  
ASSISTANT TREASURER

BRUCE A. ROSENBLUM  
SECRETARY

HONORARY DIRECTOR  
OTTO WOLFF von AMERONGEN

38104 (6/05)

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VOLUNTARY CASH PURCHASE PROGRAM  
AND DIVIDEND REINVESTMENT PLAN

The Fund offers shareholders a Voluntary Cash Purchase Program and Dividend Reinvestment Plan ("Plan") which provides for optional cash purchases and for the automatic reinvestment of dividends and distributions payable by the Fund in additional Fund shares. Plan participants may invest as little as \$100 in any month and may invest up to \$36,000 annually. The Plan has been amended to allow current shareholders, who are not already participants in the Plan, and first time investors to enroll in the Plan by making an initial cash deposit of at least \$250 with the plan agent. Share purchases are combined to receive a beneficial brokerage fee. A brochure is available by writing or telephoning the plan agent:

Investors Bank & Trust Company  
Shareholder Services  
P.O. Box 642, OPS 22  
Boston, MA 02117-0642  
Tel. 1-800-437-6269  
-----

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This report, including the financial statements herein, is transmitted to the shareholders of The Central Europe and Russia Fund, Inc. for their information. 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. The information contained in the letter to the shareholders, the interview with the

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chief investment officer and the report from the investment adviser and manager in this report is derived from carefully selected sources believed reasonable. We do not guarantee its accuracy or completeness, and nothing in this report shall be construed to be a representation of such guarantee. Any opinions expressed reflect the current judgment of the author, and do not necessarily reflect the opinion of Deutsche Bank AG or any of its subsidiaries and affiliates.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may purchase at market prices from time to time shares of its common stock in the open market.

Comparisons between changes in the Fund's net asset value per share and changes in the CECE, RTX and ISE National 30 indices should be considered in light of the Fund's investment policy and objectives, the characteristics and quality of the Fund's investments, the size of the Fund and variations in the foreign currency/dollar exchange rate.

Fund Shares are not FDIC - insured and are not deposits or other obligations of or guaranteed by any bank. Fund Shares involve investment risk, including possible loss of principal.

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[GRAPHIC OMITTED]  
CEE  
LISTED  
NYSE(R)

Copies of this report, monthly fact sheets and  
other information are available at:  
[www.ceefund.com](http://www.ceefund.com)

### ITEM 2. CODE OF ETHICS.

Not applicable

### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable

### ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable

### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS

Not applicable

### ITEM 6. SCHEDULE OF INVESTMENT

Not applicable

### ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable

### ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable



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### ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased Part of Publicly Plans or Program
November 1 through November 30, 2004	n/a	n/a	n
December 1 through December 31, 2004	n/a	n/a	n
January 1 through January 31, 2005	n/a	n/a	n
February 1 through February 28, 2005	n/a	n/a	n
March 1 through March 31, 2005	n/a	n/a	n
April 1 through April 30, 2005	n/a	n/a	n
<b>Total</b>	n/a	n/a	n

### ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The Nominating Committee will consider nominee candidates properly submitted by stockholders in accordance with applicable law, the Fund's Articles of Incorporation or By-laws, resolutions of the Board and the qualifications and procedures set forth in the Nominating Committee Charter and this proxy statement. A stockholder or group of stockholders seeking to submit a nominee candidate (i) must have beneficially owned at least 5% of the Fund's common stock for at least two years, (ii) may submit only one nominee candidate for any particular meeting of stockholders, and (iii) may submit a nominee candidate for only an annual meeting or other meeting of stockholders at which directors will be elected. The stockholder or group of stockholders must provide notice of the proposed nominee pursuant to the requirements found in the Fund's By-laws. Generally, this notice must be received not less than 90 days nor more than 120 days prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting. Such notice shall include the specific information required by the Fund's By-laws. The Nominating Committee will evaluate nominee candidates properly submitted by stockholders on the same basis as it considers and evaluates candidates recommended by other sources.

### ITEM 11. CONTROLS AND PROCEDURES.

(a) The Chief Executive and Financial Officers concluded that the Registrant's Disclosure Controls and Procedures are effective based on the evaluation of the Disclosure Controls and Procedures as of a date within 90 days of the filing date of this report.

(b) During the filing period of the report, management identified issues relating to the overall fund expense payment and accrual process. Management discussed these matters with the Registrant's Audit Committee and auditors, instituted additional procedures to enhance its internal controls and will continue to develop additional controls and redesign work flow to strengthen the overall control environment associated with the processing and recording of fund expenses.

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ITEM 12. EXHIBITS.

(a) (2) Certification pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) is filed and attached hereto as Exhibit 99.CERT.

(b) Certification pursuant to Rule 30a-2(b) under the Investment Company Act of 1940 (17 CFR 270.30a-2(b)) is furnished and attached hereto as Exhibit 99.906CERT

Form N-CSR Item F

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 & Russia Fund, Inc.

By: /s/ Julian Sluyters  
\_\_\_\_\_  
Julian Sluyters  
Principal Executive Officer

Date: July 1, 2005

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 & Russia Fund, Inc.

By: /s/ Julian Sluyters  
\_\_\_\_\_  
Julian Sluyters  
Principal Executive Officer

Date: July 1, 2005

By: /s/ Paul Schubert  
\_\_\_\_\_  
Paul Schubert  
Chief Financial Officer

Date: July 1, 2005