

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.



The Central Europe and Russia Fund, Inc.

Quarterly Report

July 31, 2004

There are three Closed-End Funds investing in European equities managed by wholly owned subsidiaries of the Deutsche Bank Group:

- 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).
- 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).
- 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 focuses their investments in certain geographical regions, thereby increasing their 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.



The Central Europe and Russia Fund, Inc.

LETTER TO THE SHAREHOLDERS

September 20, 2004

Dear Shareholder,

For the fiscal third quarter as of July 31, 2004, The Central Europe and Russia Fund Inc.'s total return based on net asset value was -2.91%, proving more resilient to market pressures than the fund's blended benchmark, which declined 6.14% in US dollar terms during the same period. Moreover, for the nine months ended July 31, 2004, The Central Europe and Russia Fund Inc.'s total return based on net asset value rose 13.34%, comfortably outperforming the blended benchmark, which rose 8.72%. As mentioned in prior reports, after the successful completion of its right offering to shareholders, the fund changed its benchmark to a new index blend of 45% in Central Europe (CECE-Index), 45% Russia (RTX-Index) and 10% in Turkey (ISE National 30) as of April 1, 2004.

During the fiscal third quarter, the fund's markets were once more influenced by the latest twists and turns in the Yukos affair, particularly in late July and early August. The fund was not as affected by the affair's negative market impact than its blended benchmark, and portfolio management reduced the fund's equity interest in Yukos shares during the quarter to 1.73% of net assets as of July 31, 2004 from 8.26% as of April 30, 2004.¹ The Russian equity market in general, and Yukos shares in particular, demonstrated high price volatility during the quarter. If investors become more confident that the Yukos affair is a one-off event, confidence, in our opinion, should return to the equity market, especially if confirmed by strong macroeconomic fundamentals in the months ahead. Russia's economic growth and budget surplus is expected to continue to improve if oil prices were to decline from current historic high levels.

Macroeconomic fundamentals are generally favorable for the key Central European countries. Economic growth continues to be strong in Hungary, Poland and the Czech Republic as the countries benefit from increasing trade with Western Europe. Higher-than-expected economic growth in these countries was not accompanied by higher inflation. This is especially noteworthy given the fairly large supply-side shocks stemming from the European Union accession and the significantly higher energy prices, which have remained far more persistent than policy makers anticipated. In our view, this phenomenon can be partially explained by the pre-existing output gaps and strong productivity gains across the region, but also by pre-emptive tightening of monetary policy by the regional central banks.

In Turkey, the announcement of the government's willingness to sign a new stand-by-arrangement with the International Monetary Fund (IMF) has been a relief to investors. In early August, Prime Minister Erdogan agreed to sign a new agreement with the IMF that will entail additional financing to alleviate concerns regarding Turkey's hefty repayments to the IMF in the years 2005 and 2006. Impressive performances on the fiscal front and the continuance of the disinflation process have been the main positives on the macroeconomic front, both being key ingredients for maintaining stable debt dynamics. However, the strong economic growth led to robust domestic consumption, which continued to widen the current account deficit. The current account is currently running at more than twice the level in 2003, surpassing the government's original 2004 target.

Richard Hale has retired as president and chief executive officer of your fund after a long and successful career with Deutsche Asset Management. At its July 12, 2004 Board Meeting, your Board of Directors elected Julian Sluyters, a Managing Director of Deutsche Asset Management, as your fund's new President and Chief Executive Officer of your fund. Also at that Board meeting, your 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 adviser, 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.

Sincerely,

Christian Strenger
Chairman

Julian Sluyters
President and
Chief Executive Officer

¹As of August 31, 2004, the fund's position in Yukos was completely liquidated.

For additional information about the Fund including performance, dividends, presentations, press releases, daily NAV and shareholder reports, please visit www.ceefund.com

FUND HISTORY AS OF JULY 31, 2004

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 for the product's most recent month-end performance.

TOTAL RETURNS:

	For the nine months ended July 31, 2004	For the years ended October 31,				
		2003	2002	2001	2000	1999
Net Asset Value ^(a)	13.34%	44.88%	17.05%	(14.31)%	.94%	2.48%
Market Value	(3.41)%	60.38%	23.43%	(7.79)%	(5.00)%	(3.29)%
Benchmark	8.72% ⁽¹⁾	40.65% ⁽²⁾	14.68% ⁽³⁾	(20.40)% ⁽⁴⁾	2.05% ⁽⁵⁾	19.31% ⁽⁵⁾

(a) Total investment returns reflect changes in net asset value per share during each period and assume that dividend and capital gains distributions, if any, were reinvested. These percentages are not an indication of the performance of a shareholder's investment in the Fund based on market price.

- (1) 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 4 months ended 7/31/04. The Fund changed its benchmark from 70% CECE/30% RTX to 45% CECE/45% RTX/10% ISE National 30 on April 1, 2004.
- (2) 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.
- (3) Represents the CECE Index.
- (4) 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.
- (5) 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, 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.

Investments in funds involve risks including the loss of principal.

This Fund is not diversified and focuses 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.

FUND HISTORY AS OF JULY 31, 2004 (continued)

STATISTICS:

Net Assets	\$244,800,672
Shares Outstanding	10,197,209
NAV Per Share	\$24.01

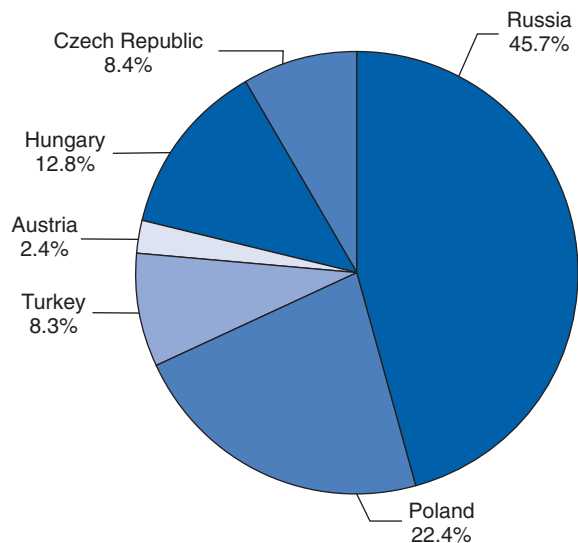
DIVIDEND AND CAPITAL GAIN DISTRIBUTIONS:

<u>Record Date</u>	<u>Payable Date</u>	<u>Ordinary Income</u>	<u>LT Capital Gains</u>	<u>Total</u>
12/22/03	12/31/03	\$0.22	—	\$0.22
11/19/01	11/29/01	\$0.23	—	\$0.23
11/16/98	11/27/98	\$0.14	—	\$0.14
9/1/98	9/9/98	\$0.01	\$0.01	\$0.02
11/17/97	1/13/98	\$1.54	\$5.01	\$6.55
9/3/97	9/16/97	—	\$0.02	\$0.02

OTHER INFORMATION:

NYSE Ticker Symbol	CEE
NASDAQ Symbol	XCEEX
Dividend Reinvestment Plan	Yes
Voluntary Cash Purchase Program	Yes
Annualized Expense Ratio (4/30/04)	1.28%

COUNTRY BREAKDOWN AS OF JULY 31, 2004 (as % of Portfolio)



10 LARGEST EQUITY HOLDINGS AS OF JULY 31, 2004

	<u>% of Portfolio</u>		<u>% of Portfolio</u>
1. Lukoil	14.0	6. Polski Koncern Naftowy	4.5
2. Surgutneftegaz	11.6	7. Mol Magyar Olaj-ES Gazipari	4.4
3. JSC MMC Norilsk Nickel	6.4	8. Telekomunikacja Polska	3.7
4. Bank Pekao	5.8	9. OAO Gazprom	3.0
5. OTP Bank	5.3	10. Matav	2.9

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

Information concerning portfolio holdings of the Fund as of a month end is available upon request on the 16th of the following month.

THE CENTRAL EUROPE AND RUSSIA FUND, INC.
SCHEDULE OF INVESTMENTS — JULY 31, 2004 (unaudited)

<u>Shares</u>	<u>Description</u>	<u>Value</u>	<u>Shares</u>	<u>Description</u>	<u>Value</u>
INVESTMENTS IN RUSSIAN SECURITIES—44.3%			INVESTMENTS IN POLISH COMMON STOCKS—21.7%		
COMMON STOCKS—41.8%			GENERAL CONTRACTORS—		
CRUDE PETROLEUM AND			RESIDENTIAL BUILD—1.4%		
NATURAL GAS—13.0%					
820,000	Surgutneftegaz (ADR)	\$ 27,593,000	147,518	Echo Investment*	\$ 3,397,064
270,000	Yukos (ADR)	4,252,500	NATIONAL COMMERCIAL		
		<u>31,845,500</u>	BANKS—7.8%		
CRUDE PETROLEUM			81,746	Bank Pekao	2,558,789
PIPELINES—0.4%			38,000	Bank Pekao (GDR)†	1,186,360
38,000	Sibneft (ADR)	959,500	320,000	Bank Pekao (GDR)	9,990,400
ELECTRIC & OTHER SERVICES			49,539	Bank Prezemyslowo-Handlowy	<u>5,464,865</u>
COMBINED—2.2%			<u>19,200,414</u>		
218,000	Unified Energy		OPERATIVE BUILDERS—0.2%		
	Systems (GDR)	5,319,200	40,842	Budimex*	505,738
ELECTRIC SERVICES—0.7%			PETROLEUM REFINING—4.4%		
200,000	Mosenergo (ADR)	1,680,000	661,102	Polski Koncern Naftowy	5,433,215
INVESTORS—0.3%			180,000	Polski Koncern Naftowy (GDR)†	2,925,000
52,000	Vostok Nafta Investment (SDR)*	663,890	149,500	Polski Koncern Naftowy (GDR)	<u>2,429,375</u>
MISCELLANEOUS METAL			<u>10,787,590</u>		
ORES—6.2%			PRIMARY SMELTING AND		
295,000	JSC MMC Norilsk		REFINING OF COPPER—1.9%		
	Nickel (ADR)	15,104,000	597,029	KGHM Polska Miedz*	4,725,519
NATURAL GAS TRANSMISSION &			SERVICES-PREPACKAGED		
DISTRIBUTION—2.9%			SOFTWARE—0.6%		
240,000	OAD Gazprom (ADR)	7,080,000	5,275	Prokom Software*	236,400
PETROLEUM REFINING—13.5%			53,758	Prokom Software (GDR)*	1,198,804
304,500	Lukoil (ADR)	33,190,500	<u>1,435,204</u>		
RADIO TELEPHONE			TELEPHONE COMMUNICATIONS		
COMMUNICATIONS—0.1%			(NO RADIO TELEPHONE)—3.6%		
3,500	Vimpel Communications		1,723,207	Telekomunikacja Polska	6,914,689
	(ADR)*	306,250	490,000	Telekomunikacja Polska (GDR)†	1,960,000
TELEGRAPH & OTHER MESSAGE			<u>8,874,689</u>		
COMMUNICATION—0.9%			VITREOUS CHINA PLUMBING		
200,000	Rostelecom (ADR)	2,220,000	FIXTURES—1.8%		
TELEPHONE & TELEGRAPH			138,000	Cersanit-Krasnystaw*	4,300,607
APPARATUS—1.6%			Total Investments in Polish		
35,000	Mobile Telesystems (GDR)	4,042,500	Common Stocks		
Total Common Stocks			(cost \$28,024,748)		
	(cost \$91,610,724)	102,411,340	<u>53,226,825</u>		
WARRANTS—2.5%			INVESTMENTS IN HUNGARIAN		
PIPELINES (NO GAS)—2.5%			COMMON STOCKS—12.4%		
7,750	Transneft Warrants (expire 4/15/05)*		NATIONAL COMMERCIAL		
	(Cost \$7,618,460)	6,083,986	BANKS—5.1%		
Total Investments in Russian			337,400	OTP Bank	6,994,678
Securities			135,000	OTP Bank (GDR)*	5,562,000
	(cost \$99,229,184)	108,495,326	<u>12,556,678</u>		

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

Director

ROBERT H. WADSWORTH

Director

WERNER WALBRÖL

Director

JULIAN SLUYTERS

President and Chief Executive Officer

SANDRA M. SCHAUFLE

Chief Investment Officer

VINCENT J. ESPOSITO

Vice President

BRUCE A. ROSENBLUM

Secretary

CHARLES A. RIZZO

Chief Financial Officer and Treasurer

KATHLEEN SULLIVAN D'ERAMO

Assistant Treasurer

HONORARY DIRECTOR

OTTO WOLFF von AMERONGEN

**VOLUNTARY CASH PURCHASE PROGRAM
AND DIVIDEND REINVESTMENT PLAN**

The Fund offers stockholders 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:

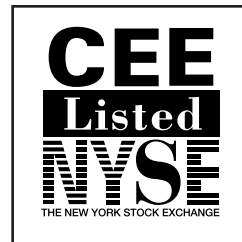
Investors Bank & Trust Company
Shareholder Services
P.O. Box 642, OPS 22
Boston, MA 02117-0642
Tel. 1-800-437-6269

This report 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 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.



Copies of this report, monthly fact sheets and other information are available at: www.ceefund.com