

CABEI CENTRAL AMERICAN FUND plc

CABEI CENTRAL AMERICAN PORTFOLIO

UNAUDITED FINANCIAL STATEMENTS

For the six months ended 30 June 2004

CABEI CENTRAL AMERICAN FUND plc
CABEI CENTRAL AMERICAN PORTFOLIO

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CABEI CENTRAL AMERICAN FUND plc
CABEI CENTRAL AMERICAN PORTFOLIO

Organisation

Registered Office of the Company

25/28 North Wall Quay
Dublin 1
Ireland

Directors of the Company

Walter Dostmann (German) (Chairman)

Directors from Deutsche Asset Management Americas:
Richard T. Hale (American) Resigned April 2004

Directors from Central American Bank for Economic Integration:
Jaime Chavez (Honduran)
Nick Rischbieth Glöe (Honduran)
Alejandro Rodriguez (Costa Rican)

Other Directors:
Michael Greene
Hartwig Krieg (German)
Per Åke Rydberg (Swedish)

Investment Manager

Investment Company Capital Corporation
One South Street
Baltimore
MD 21202
USA

Investment Advisor

DWS Finanz-Service GmbH
Mainzer-Landstrasse 178-190
60323 Frankfurt am Main
Germany

Administrator

Bank of Ireland Securities Services Limited
New Century House
Mayor Street Lower
International Financial Services Centre
Dublin 1
Ireland

CABEI CENTRAL AMERICAN FUND plc
CABEI CENTRAL AMERICAN PORTFOLIO

Organisation (Continued)

Custodian The Governor and Company of the Bank of Ireland
Lower Baggot Street
Dublin 2
Ireland

Independent Auditors KPMG
1 Harbourmaster Place
International Financial Services Centre
Dublin 1
Ireland

Legal Advisor A&L Goodbody
International Financial Services Centre
North Wall Quay
Dublin 1
Ireland

Secretary Goodbody Secretarial Limited
International Financial Services Centre
North Wall Quay
Dublin 1
Ireland

Registered No: 303448

CABEI CENTRAL AMERICAN FUND plc
CABEI CENTRAL AMERICAN PORTFOLIO

Background to the Fund

This report should be read in conjunction with the full text and definitions section of the Offering Circular of the Company dated 29 October 2003.

The CABEI Central American Fund plc (the 'Company') is not a recognised collective investment scheme for the purposes of Section 76 of the Financial Services Act 1986 (the 'Act') of the United Kingdom and this document has not been approved for the purposes of Section 57 of the Act by a person authorised under the Act (an 'authorised person'). Accordingly, this document may only be issued or passed onto any person in the United Kingdom if that person is of a kind described in Article 11 (3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1995 (the 'Order') or otherwise pursuant to an exemption to Section 57 of the Act. In addition, no person who is an authorised person may issue or pass on this document or otherwise promote the Company, to any person in the United Kingdom unless such person is both:

- (i) of a kind described in Article 11 (3) of the Order or within any such exemption; and*
- (ii) a person to whom such authorised person is permitted to promote the Company under Section 76 (2) of the Act and by the rules of a self-regulating organisation or the Securities and Investments Board applicable to such authorised person.*

No action has been taken to permit an offering of participating shares in the Company ('Shares') or the distribution of this document in any jurisdiction where action would be required for such purposes. Accordingly, this document does not constitute an offer or solicitation in any jurisdiction or in any circumstances in which such offer of solicitation is not authorised. In particular,

- (a) the Shares have not been registered under the United States Securities Act of 1933 (as amended) and have not been offered in the United States of America, nor may they be directly or indirectly offered or sold in the United States of America or in its territories or possessions or areas subject to its jurisdiction or for the benefit of nationals, citizens or residents thereof or persons who are normally resident therein (including the estate of any such person and corporations or partnerships created or organised therein) ('United States Persons'), except pursuant to an exemption; and*
- (b) the Shares may not be offered or sold directly or indirectly in Japan or to residents of Japan except pursuant to applicable Japanese laws.*

CABEI CENTRAL AMERICAN FUND plc
CABEI CENTRAL AMERICAN PORTFOLIO

Background to the Fund (Continued)

Description of the Fund

The Company is a designated limited liability, open-ended investment company with variable capital. It is a so-called umbrella company entitled to issue several classes of shares, the proceeds of which are to be invested in several portfolios. CABEI CENTRAL AMERICAN PORTFOLIO Shares are shares in the first portfolio of the Company, called the CABEI CENTRAL AMERICAN PORTFOLIO (the 'Fund'). The Company is domiciled in the Republic of Ireland, and investment will generally be limited to debt and related instruments (including but not limited to bonds, loan participations, notes, deposits, credit linked deposits, certificates of deposit and debentures) and equity and related instruments (including but not limited to warrants and convertible securities) issued by sovereign issuers, their agents and instrumentalities, corporate issuers, supranational issuers, quasi-governmental issuers and any other issuers deemed fit for investment by the Directors, or a committee thereof. Countries for investment will include Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, Mexico, Colombia, Argentina, Panama, the Dominican Republic, Belize and the Republic of China, and any other countries which become members of the Central American Bank for Economic Integration ('CABEI') and which are deemed fit for investment by the Directors or a committee thereof. There will be no limit to the amount or proportion invested in the issuers of any one country. It is the goal of the Fund to invest the majority of its assets in Central American countries that are members of CABEI (Guatemala, Honduras, Nicaragua, El Salvador and Costa Rica), as market conditions warrant and with the risk/return profile of the Fund. There will be no restriction with respect to the currency of denomination of any of the securities mentioned above.

Fund objective: to generate a high real rate of return.

Investment Company Capital Corp, serves as Investment Manager of the Company pursuant to an investment management agreement dated 1 January 2002, and DWS Finanz-Service GmbH, serves as Investment Advisor pursuant to an investment advisory agreement dated 1 January 2002 between the Investment Manager and the Investment Advisor. The Investment Manager is a wholly-owned indirect subsidiary of Deutsche Bank AG. The Investment Advisor is an indirect subsidiary of Deutsche Bank AG. The Fund is denominated in US Dollars. The Funds Dealing Day is the first Dealing Day of each month.

The Company is domiciled in Ireland. It is authorised in Ireland as an investment company and is a designated investment company pursuant to Section 256 of the Companies Act 1990 of Ireland and is supervised by the Irish Financial Services Regulatory Authority.

The Fund's Net Asset Value per Share is published five times per week in the Financial Times.

Enquiries to: Bank of Ireland Securities Services Limited
New Century House
Mayor Street Lower
International Financial Services Centre
Dublin 1, Ireland
Tel. 353 1 670 0300
Fax. 353 1 829 0144

The above details are in summary form only and must be read in conjunction with the detailed information contained in the Offering Circular of the Fund dated 29 October 2003.

Information for Shareholders

1. Description

CABEI Central American Fund plc, incorporated on 12 March 1999 in Dublin, Ireland with registered number 303448 is a designated, limited liability, open-ended investment company with variable capital. It is a so-called umbrella company entitled to issue several classes of shares to be invested in several portfolios. The Company has issued shares in the CABEI CENTRAL AMERICAN PORTFOLIO (the 'Fund').

2. Investment Management

Investment Company Capital Corporation serves as Investment Manager of the Company, pursuant to an investment management agreement dated 1 January 2002 who in turn have delegated the investor advisor functions to DWS Finanz-Service GmbH services as Investment Advisor pursuant to an investment advisory agreement dated 1 January 2002 between the Investment Manager and Investment Advisor.

3. Net Asset Value

Net Asset Value of the Fund is calculated weekly. The Net Asset Value of the Fund is calculated by dividing the value of the Fund's net assets (the value of its assets less its liabilities) by the total number of Shares outstanding. All securities held by the Fund for which market quotations are readily available are valued at the closing price on the primary exchange quoted for the securities (but if bid and asked quotations are available, at the last current bid price, rather than the quoted closing price). All other securities and assets for which market quotations are not readily available are taken at probable realisation value as determined in good faith by the Directors (or by a pricing committee of Directors established for the purpose), with the approval of the Custodian, although the actual calculation may be done by other competent and responsible persons. Any assets or liabilities initially expressed in currencies other than US Dollars are translated into US Dollars at the closing rate of exchange quoted by a recognised pricing service.

4. Issue and Repurchase of Shares

The procedures for the issue and repurchase of shares are described in detail in the Offering Circular dated 29 October 2003.

Issue of Shares

Allotment of Shares are normally made with effect from a Dealing Day against applications received in Dublin by the Administrator by 5:00 pm Dublin time on the preceding Business Day.

Repurchase of Shares

Requests for the repurchase of Shares must be received by the Administrator by 5:00 pm Dublin time on a Business Day which is at least ten Business Days prior to the relevant Dealing Day and will then normally be dealt on that Dealing Day. Requests for the repurchase of Shares may be made either by facsimile, telex or in writing to the Administrator.

5. Published Information

Shareholders will receive audited annual and unaudited semi-annual Reports of the Company. Notices of general meetings will be sent to shareholders at least twenty-one days prior to meetings. The Net Asset Value per Share and dividend announcements, if any are published in the Financial Times. The subscription and redemption prices may be obtained from the registered office of the Company.

Past performance is not necessarily a guide to future performance. Income from the investment may fluctuate in value and in money terms. Changes in rates of exchange between currencies may cause the value of the shares to diminish or increase.

CABEI CENTRAL AMERICAN FUND plc
CABEI CENTRAL AMERICAN PORTFOLIO

Investment Advisor's Report for the period ended 30 June 2004

This report covers the period from 1 January 2004 to 30 June 2004.

The net asset value of the CABEI Central American Fund was down 3.07% for the six months ended 30 June, 2004. At the end of the semiannual period, the Fund had net assets of US\$67.38 million and a net asset value of US\$1,251.48 per share.

It is important to remember that investors should take a long-term view when investing in this segment of the market, as returns can be volatile in the short term. Since its inception on October 27, 1999 through June 30, 2004, the Fund had an average annualized return of 4.9%.

Investment Environment

The financial markets in the United States, the Caribbean, Central America, and South America generally experienced a period of adverse volatility during the first half of 2004, as concerns over the impact of potentially imminent increases in US interest rates, ongoing conflict in Iraq, and rising oil prices dominated. Indeed, both developed and emerging markets on a global basis were affected by a shift in investor sentiment toward risk aversion.

As the semiannual period began in January 2004, the US Federal Reserve Board stated that it could be “patient” in maintaining its accommodative monetary policy, a subtle shift from the “considerable period” it had been reiterating since August 2003. Then, on May 4, 2004, the Federal Reserve Board indicated it believed its “policy accommodation can be removed at a pace that is likely to be measured.” This change served to remind investors that short-term interest rates would rise eventually. Indeed, in April 2004, the markets were already pricing in the probability of an interest rate hike by the Fed some time this summer. During these same spring months, indicators started appearing that the US economy was continuing to expand, job creation was increasing, and inflation was on the rise. As a result, there was a pronounced sell-off in US Treasury bonds. The yield on the ten-year US Treasury bond increased by 119 basis points from its low on March 16 through its peak on June 14. For the semiannual period overall, the yield on the ten-year US Treasury bond rose by 24 basis points to 4.62% on June 30, 2004¹. Finally, after much anticipation, the Federal Reserve Board raised the targeted federal funds rate on June 30, 2004 by a quarter-percentage point, to 1.25%, stating that its monetary policy remained accommodative, even after this action.

In close correlation, yields on the Mexican ten-year local bond rose by about 212 basis points over the six-month period to 10.73%. In addition, the Mexican peso versus the US dollar substantially weakened. On the macro front, key economic reforms appeared to have lost momentum, yet to be passed through the political process. However, finally starting to benefit from the US economic recovery, Mexican Gross Domestic Product (GDP) grew at a 3.7% annualized rate during the first quarter of 2004, ending a long period of economic stagnation.

Latin American sovereign debt also suffered from this general rise in risk aversion, with the region’s sovereign bond spreads rising by an average of 82 basis points during the first half of 2004². This increase was driven in large part by the lingering ripple effects of the economic crisis in the Dominican Republic. Costa Rica’s debt market also struggled, driven by turmoil in the country’s mutual fund industry. Prices of Panama’s sovereign bonds fell as well. On the other hand, El Salvador and Guatemala’s debt markets each posted modest gains for the semiannual period, boosted by favorable election outcomes. Colombia’s debt market was generally flat for the semiannual period. Colombia experienced export-revenue growth based on higher oil prices and a pick-up in investment spending that bodes well for its annual GDP.

Despite the Latin American debt markets’ difficulties, the fundamental factors supporting the region’s macroeconomic and political backdrop of the markets actually improved during the semiannual period. There were

Investment Advisor's Report (Continued)

no credit rating downgrades in the region during the six months. The region's debt markets remained fairly valued compared to comparable-duration US Treasuries. The combination of largely undervalued currency exchange rates, balanced current accounts, and strong commodity prices appeared to have laid the groundwork for an export-led recovery in the region. Plus, market-friendly candidates won presidential elections, removing a major source of uncertainty.

* In the Dominican Republic, former President Leonel Fernandez won the presidential election on May 16, with the most votes in the country's history. Such a mandate provided a strong rejection of the outgoing Mejia administration, which was responsible for the poor handling of the nation's recent banking crisis. The new president faces an ambitious agenda to put the country back on track.

* In El Salvador, Tony Saca from the ruling Arena party won the presidential election on March 21 with an impressive first-round win and a record-high voter turnout. His opponent, orthodox socialist Shafik Handal, failed to receive the necessary votes to make it past the first round election, offering proof of El Salvador's commitment to stable macroeconomic policies. Following his early June swearing in, President Saca was able to break a nine-month political bogdown and negotiate legislative approval of the 2004 budget and the authorization to issue \$286 million of bonds this year.

* In Guatemala, opposition political candidate Oscar Berger was sworn in as president on January 14. Since taking office, President Berger secured congressional approval for a package of tax increases to strengthen fiscal accounts and new authorization for long-term borrowing, which would permit the government's planned \$300 million bond issue in international markets this year. Former president Alfonso Portillo fled the country in February facing corruption charges, and former military dictator Rios Montt was put under house arrest.

* In Panama, opposition candidate Martin Torrijos won the presidential election on May 2. Torrijos was widely considered a pragmatic economist who might well initiate important reforms of the country's social security system.

Investment Strategy

As we became increasingly concerned about the potentially imminent increase in US interest rates, we reduced the Fund's duration through the use of US Treasury futures contracts³ and by moving into instruments with shorter maturities. For example, we sold the portfolio's positions in Mexico bonds maturing in 2031 and purchased Mexico bonds maturing in 2013. This strategy helped to mitigate losses resulting from the rise in US interest rates. However, the Fund produced disappointing absolute returns for the six-month period due primarily to the weakening of the Mexican peso and the rapid widening of Latin American sovereign yield spreads. Both of these events were unwarranted by country fundamentals.

During the semiannual period, we also built a small position for the portfolio in the Mexican local market. We actively traded El Salvadoran debt, seeking to avoid potential losses that could have arisen from an adverse outcome of the presidential election. We purchased a new issue from Costa Rica, and increased the Fund's holdings in Guatemala and Panama. We had no holdings in Argentina throughout the semiannual period. To date, we have not invested in Belize.

As of 30 June, 2004, the Fund had an average modified duration of 3.86 years⁴. The Fund's average maturity stood at 9.27 years. The Fund held a total of 13 securities, and the average rating of the securities in the Fund was BB, as rated by Standard & Poor's. At the end of the semiannual period, approximately 68.3% of the Fund's total assets were invested in securities from founding members of CABEI, namely in Costa Rica, El Salvador, and Guatemala. Approximately 11.9% of the portfolio's assets were invested in securities from CABEI extra-regional members, namely Colombia and Mexico, and approximately 9.1% of the portfolio's assets were invested in securities from Panama.

Investment Advisor's Report (Continued)

Investment Outlook

Overall, we believe the macroeconomic and political scenarios in the vast majority of countries in the Fund's investment universe remain favorable. Indeed, regional GDP growth of Central America is anticipated to exceed 2% for calendar year 2004. Furthermore, some uncertainty has been removed from the market with the Federal Reserve Board's June 30 interest rate hike, and the widespread market anticipation for the targeted federal funds rate to reach approximately 2.00% by the end of the year in a series of gradual increases. Several of the new political leaders in the region face considerable constraints to policy implementation. However, there are no elections scheduled for the remainder of 2004 in Central America, thus providing a welcomed degree of stability. Therefore, we believe the region's debt markets could recover in the months ahead after the volatile swings seen during much of the semiannual period. We temper our generally constructive view with the risk of a general economic slowdown caused by persistently high oil prices and the ongoing uncertainties surrounding geopolitical risk.

In short, we do not believe that the downturn in the Central American debt markets seen during the semiannual period is either a long-term trend or the start of a meltdown similar to that seen in 1994 when the Federal Reserve Board began raising interest rates steadily.

We intend to closely monitor fiscal, macroeconomic, and political factors impacting the credit quality of the Fund's countries and to pursue an investment policy focused on relative value. We remain convinced that active management of a diversified Central American debt portfolio offers attractive total return opportunities.

**DWS Finanz-Service GmbH,
Investment Advisor**

¹Source: US Department of the Treasury.

²The sovereign bond spread is the difference in yield between dollar-denominated sovereign bonds and US Treasury bonds with similar duration. The sovereign bond spread is measured by the Bear Stearns Central America/Caribbean Index (BSCAX), which tracks total returns for dollar-denominated sovereign debt instruments of ten countries in Central America and the Caribbean.

³A futures contract is an agreement to buy or sell a specific amount of a financial instrument at a particular price in a stipulated future month. The price is established between buyer and seller. A futures contract obligates the buyer to purchase the underlying security and the seller to sell it, unless the contract is sold to another before settlement date, which may happen if a trader waits to take a profit or cut a loss.

⁴Modified duration is the percentage price change of a security or portfolio for a given change in yield. The higher the modified duration of a security or portfolio, the higher its sensitivity to yield changes.

CABEI CENTRAL AMERICAN FUND plc
CABEI CENTRAL AMERICAN PORTFOLIO

Statement of Operations

		HALF YEAR ENDED 30 JUNE 2004	5 MONTHS ENDED 30 JUNE 2003
	Notes	USD	USD
Operating Income	2	2,707,806	2,044,590
Operating Expenses	3	(851,251)	(1,116,474)
Net Operating Income		<u>1,856,555</u>	<u>928,116</u>
Realised Gain/(Loss) on Sale of Investments		271,975	(285,935)
Realised Loss on Futures		(99,153)	-
Net Movement in Unrealised (Depreciation)/ Appreciation on Investments		(4,100,342)	2,726,447
Net Currency Loss	1(c)	(8,474)	(845)
Net Movement in Unrealised Depreciation on Futures		<u>(98,047)</u>	<u>-</u>
Total Return for the period		<u>(2,177,486)</u>	<u>3,367,783</u>
Net (decrease)/increase in shareholders funds		<u><u>(2,177,486)</u></u>	<u><u>3,367,783</u></u>

There are no recognised gains or losses arising in the period other than the (decrease)/increase in Net Assets attributable to Shareholders of the Fund. In arriving at the results of the financial period, all amounts above relate to continuing operations.

CABEI CENTRAL AMERICAN FUND plc
CABEI CENTRAL AMERICAN PORTFOLIO

Statement of Net Assets

	Notes	30 JUNE 2004 USD	30 JUNE 2003 USD
CURRENT ASSETS			
Investments	4	59,947,522	58,737,813
Debtors	5	6,271,266	5,736,670
Cash at Bank		1,924,362	3,189,733
		<hr/>	<hr/>
		68,143,150	67,664,216
CREDITORS			
(amounts falling due within one year)	6	(762,111)	(845,627)
		<hr/>	<hr/>
NET ASSETS		67,381,039	66,818,589
		<hr/> <hr/>	<hr/> <hr/>
SHAREHOLDERS' FUNDS	8	67,381,039	66,818,589
		<hr/> <hr/>	<hr/> <hr/>

CABEI CENTRAL AMERICAN FUND plc
CABEI CENTRAL AMERICAN PORTFOLIO

Statement of Changes in Net Assets

	HALF YEAR ENDED 30 JUNE 2004 USD	5 MONTHS ENDED 30 JUNE 2003 USD
Net Assets at beginning of period	68,115,809	63,250,045
	<hr/>	<hr/>
(Decrease)/Increase in Net Assets resulting from Operations (page 9)	(2,177,486)	3,367,783
	<hr/>	<hr/>
Amounts received on creation of shares	2,575,999	254,000
Amounts paid on cancellation of shares	(1,133,283)	(53,239)
	<hr/>	<hr/>
Increase in Net Assets resulting from Share Transactions	1,442,716	200,761
	<hr/>	<hr/>
Net (decrease)/increase in shareholders' funds from investing activities	(734,770)	3,568,544
	<hr/>	<hr/>
Net Assets at end of period	67,381,039	66,818,589
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements as at 30 June 2004

1. BASIS OF PRESENTATION

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and under the historical cost convention as modified by the inclusion of securities at valuation and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland.

The format and certain wordings of the financial statements have been adopted from those contained in the Companies (Amendment) Act, 1986 so that in the opinion of the Directors, they more appropriately reflect the nature of the Company's investment business.

The profit and loss account is referred to as the statement of operations. Unrealised gains are shown in the statement of operations. This represents a departure from the Companies Amendment Act, 1986. In the opinion of the Directors, this treatment is necessary to fairly present the results of operations.

The Company is exempt from the requirements of Financial Reporting Standard (FRS) No. 1 to include a cash flow statement as part of the financial statements because it is an open ended investment fund investing in liquid investments.

The information required by Financial Reporting Standard (FRS) No. 3 'Reporting Financial Performance' to be included in a statement of total recognised Gains and Losses and a Reconciliation of Movements in Shareholders Funds is, in the opinion of the Directors, contained in the statement of operations and statement of movement in shareholders' funds on pages 9 and 11.

In arriving at the results for the period all amounts in the statement of operations relate to continuing activities. In the opinion of the directors, the financial statements give, in all other respects, the information required by the Company Acts, 1963 to 2003.

The financial statements are prepared in US Dollars

Significant accounting policies adopted by the Fund are as follows;

a) Investments

i) Valuation of Investments

Investments in securities are valued at the closing bid price on the date on which the net assets are being valued or if this is not available, at the last traded price. Investments in interest bearing securities, including deep discounts and zero coupon bonds are valued net of accrued interest which is taken to income and accrued income receivable. All other securities and assets for which market quotations are not readily available are taken at fair value as determined in good faith by the Investment Advisor, with the approval of the Custodian although the actual calculation may be done by other competent and responsible persons. In valuing such securities and assets, the Investment Advisor will consider various factors, including (1) the fundamental analytical data relating to the investment, (2) the nature and duration of restrictions on disposition of the securities and (3) an evaluation of the forces of the market in which these securities are purchased and sold.

Futures contracts are valued at close of business or, if deemed to be representative of fair market value, last quoted trade price at the period end.

The security Aes Clesa is valued by a pricing committee that uses broad methodologies in arriving at a valuation for the security. This value is used for the purposes of calculating the Net Asset Value of the fund and for financial statements purposes also.

Notes to the Financial Statements as at 30 June 2004 (Continued)

1. BASIS OF PRESENTATION (Continued)

ii) Accounting for Investments

Purchases and sales of investments are accounted for on the day the transaction takes place, i.e., the Trade Date.

iii) Realised Profits and Losses on Sales of Investments

The computation of realised profits and losses on sales of investments is made on the basis of average cost.

b) Income from Investments

i) Interest Income

Income from interest bearing securities is accrued for on a basis that reflects the coupon rate on the security. Bank deposit interest is accounted for on an accruals basis. Discount, original issue discount and premiums on bonds are amortised over the remaining life of the bond.

c) Foreign Exchange

Assets and liabilities denominated in foreign currencies other than the currency of the Fund have been translated at the rate of exchange ruling at 30 June 2004. Transactions in foreign currencies are translated into US Dollars at the exchange rate ruling at the date of the transaction. Gains and losses on foreign exchange transactions are recognised in the Statement of Operations in determining the result for the period.

The following exchange rates, at 30 June 2004, was used to convert investments, assets and liabilities in currencies other than the currency of the Fund:

MXN/USD 11.5330

d) Distribution Policy

Dividends, where payable, will be paid out of net investment income (being the net revenue from dividends and interest, less expenses) together with the realised and unrealised capital gains less realised and unrealised capital losses after charging expenses.

e) Organisational Expenses

The organisational expenses which comprise the initial expenses of launching and marketing the Fund are being amortised on a straight line basis over five years.

	HALF YEAR ENDED	5 MONTHS ENDED
	30 JUNE 2004	30 JUNE 2003
	USD	USD
Opening balance at 1 January 2004 / 1 February 2003	-	34,817
Amortised in the period	-	(8,333)
Closing Balance	-	26,484

CABEI CENTRAL AMERICAN FUND plc
CABEI CENTRAL AMERICAN PORTFOLIO

Notes to the Financial Statements as at 30 June 2004 (Continued)

	HALF YEAR ENDED	5 MONTHS ENDED
	30 JUNE 2004	30 JUNE 2003
	USD	USD
2. OPERATING INCOME		
Income from Investments	2,699,932	2,032,636
Bank Interest	7,874	11,954
	<hr/>	<hr/>
	2,707,806	2,044,590
	<hr/> <hr/>	<hr/> <hr/>
	HALF YEAR ENDED	5 MONTHS ENDED
	30 JUNE 2004	30 JUNE 2003
	USD	USD
3. OPERATING EXPENSES		
Investment Management Fees	624,878	484,371
Performance Fees	-	488,379
Auditor's Fees	13,968	30,027
Amortisation of Organisational Expenses	-	8,333
Directors' Fees	19,714	3,000
Legal Expenses	129,276	59,725
Printing/Publishing	1,066	14,501
Marketing	3,554	198
Other Expenses	58,795	27,940
	<hr/>	<hr/>
	851,251	1,116,474
	<hr/> <hr/>	<hr/> <hr/>
	30 JUNE 2004	30 JUNE 2003
	USD	USD
4. INVESTMENTS		
Opening Cost	58,767,745	59,455,835
Additions	20,933,334	2,312,500
Disposals	(20,562,936)	(8,156,001)
	<hr/>	<hr/>
Cost at 30 June	59,138,143	53,612,334
	<hr/> <hr/>	<hr/> <hr/>
Market Value at 30 June	59,947,522	58,737,813
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements as at 30 June 2004 (Continued)

5. DEBTORS

	30 JUNE 2004	30 JUNE 2003
	USD	USD
Accrued Income	1,863,812	1,794,960
Sale of Securities awaiting Settlement	4,155,360	3,903,962
Unamortised Organisational Expenses	-	26,484
Other receivables	-	11,264
Futures Margin Balance	252,094	-
	<hr/>	<hr/>
	6,271,266	5,736,670
	<hr/> <hr/>	<hr/> <hr/>

6. CREDITORS (amounts falling due within one year)

Accrued Investment Management Fees	99,691	199,840
Accrued Performance Fee	562,690	493,450
Accrued Expenses	99,730	152,337
	<hr/>	<hr/>
	762,111	845,627
	<hr/> <hr/>	<hr/> <hr/>

7. SHARE CAPITAL

Participating Shares - Equity

The Company has equity share capital of EUR40,000 divided into 40,000 Subscriber Shares of EUR1 each (of which EUR10,005.25 has been paid up and which are beneficially owned by the Investment Manager). The Subscriber Shares do not form part of the Net Asset Value of the Company. They are thus disclosed in the Financial Statements by way of this note only. In the opinion of the Directors, this disclosure reflects the nature of the Company's investment business.

Participating Shares - Non Equity

The Company has 500,000,000,000 Shares of no par value initially designated as unclassified Shares.

The Participating Shares are classified as non-equity in accordance with Financial Reporting Standard No. 4 'Capital Instruments' as they are redeemable at the request of the holders. The Shares are available as either fully paid or partly paid Participating Shares of the Company. They carry voting rights. The Shares issued by the Company are freely transferable and entitled to participate equally in the profits and dividends of the Company and in its net assets upon liquidation. The Shares carry no preferential or pre-emptive rights and are entitled to one vote each at all meetings of the relevant class of Shareholders. All Shares rank pari-passu. The holders of Subscriber Shares are entitled to one vote only in respect of all their Subscriber Shares.

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CABEI CENTRAL AMERICAN PORTFOLIO

Notes to the Financial Statements as at 30 June 2004 (Continued)

7. SHARE CAPITAL (Continued)

Shares in Issue

	30 JUNE 2004	30 JUNE 2003
NUMBER OF SHARES		
Issued and Fully Paid		
Balance at beginning of period	52,753	52,651
Issued during period	1,968	210
Redeemed during period	(880)	(44)
	<hr/>	<hr/>
Total number of shares in issue at period end	53,841	52,817
	<hr/> <hr/>	<hr/> <hr/>

8. NET ASSET VALUE

USD

As at 30 June 2004	<hr/> <hr/>	67,381,039
As at 30 June 2003	<hr/> <hr/>	66,818,589
As at 30 June 2002	<hr/> <hr/>	61,244,991

NET ASSET VALUE PER SHARE

As at 30 June 2004	<hr/> <hr/>	1,251.48
As at 30 June 2003	<hr/> <hr/>	1,265.10
As at 30 June 2002	<hr/> <hr/>	1,163.22

9. INVESTMENT MANAGEMENT FEES

The Fund pays to the Investment Manager a fee at an annual rate of 1.80% of the Net Asset Value of the Fund accrued and payable monthly in arrears. The Investment Manager discharges out of its fee, the fees and expenses of the Investment Advisor, the Custodian and the Administrator.

The Investment Manager may also collect a Performance Fee of 20% of the Net Asset Value's percentage out-performance of the Hurdle Rate during the Relevant Period. The 'Hurdle Rate' is a 12 month Libor plus 200 basis points per annum return of the Net Asset Value at the beginning of the Relevant Period, adjusted for subscriptions and redemptions on a time apportioned basis.

10. EFFICIENT PORTFOLIO MANAGEMENT

The Investment Manager may utilise derivatives and other techniques and instruments (including but not limited to options, swaps, futures and forwards) whether the intention of providing protection against risks of gaining exposure to certain markets, sectors or securities, or otherwise of increasing the return on the assets of the Portfolio. Such derivatives and other techniques and instruments will only be used for efficient portfolio management purposes in accordance with the conditions and limits laid down by the Financial Services Regulator. The Investment Manager may also, when facilities become available in the relevant markets, lend the Portfolio securities and/or purchase securities subject to repurchase agreements.

During the period the fund has used futures to hedge against market price movement. The counterparty for the futures is Deutsche Bank Securities Inc. Details of open future contracts are included in the schedule of investments on page 20.

Notes to the Financial Statements as at 30 June 2004 (Continued)

11. RELATED PARTY TRANSACTIONS

Financial Reporting Standard 8 "Related Party Transactions" (FRS8) requires the disclosure of information relating to material transactions with parties who are deemed to be related to the reporting entity.

Related parties include the Investment Manager and Investment Advisor who are listed on page 1. Amounts earned by the Investment Manager are disclosed in Note 3 on page 14. The Investment Manager discharges the fees of the Investment Advisor.

The Central Bank for Economic Integration is the majority shareholder with a 92.87% holding in the Fund at period end. It is also the Placement Agent.

12. TAXATION

The Company will not be liable to tax in respect of its income and gains, other than on the occurrence of a chargeable event. A chargeable event includes any distribution or any redemption or transfer of shares.

A Chargeable event does not include:

- i) Any transaction in relation to Shares held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland; or
- ii) An exchange of Shares representing one Sub-fund for another Sub-fund of the Company; or
- iii) An exchange of Shares arising on a qualifying amalgamation or reconstruction of the Company with another fund.

A chargeable event will not occur in respect of shareholders who are neither resident nor ordinarily resident in Ireland and who have provided the Company with a relevant declaration to that effect.

In the absence of an appropriate declaration, the Company will be liable to Irish tax on the occurrence of a chargeable event.

Capital gains, dividends and interest received may be subject to withholding taxes imposed by country of origin and such taxes may not be recoverable by the Company or its shareholders.

13. SOFT COMMISSION ARRANGEMENTS

There are no soft commission arrangements affecting this Fund during the period.

14. FINANCIAL INSTRUMENTS

The Fund's investment activities expose it to the various types of risk which are associated with the financial instruments and markets in which it invests. The following summary is not intended to be a comprehensive summary of all risks and Investors should refer to the Offering Circular for a more detailed discussion of the risks inherent in investing in the Fund.

(a) Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of price movements. The Fund may employ efficient portfolio management techniques as described in note 10 to provide a degree of protection against market price falls. The Investment Advisor considers the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the Fund's investment objective.

Notes to the Financial Statements as at 30 June 2004 (Continued)

14. FINANCIAL INSTRUMENTS (Continued)

(b) Credit risk

Financial assets which potentially expose the Fund to credit risk consist principally of investments in cash balances and deposits with and receivables from brokers. The extent of the Fund's exposure to credit risk in respect of these financial assets approximates their carrying value as recorded in the Fund's balance sheet. The Fund will be exposed to a credit risk on parties with whom it trades and will also bear the risk of settlement default.

The Fund minimises concentration of credit risk by undertaking transactions with a large number of customers and counterparties on recognised and reputable exchanges.

(c) Foreign currency risk

The Fund may invest in securities denominated in currencies other than its reporting currency. Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner which has an adverse affect on the value of that portion of the Fund's assets which are denominated in currencies other than its own currency.

The following sets out the Fund's exposure to foreign currency risk at 30 June 2004. At the 30 June 2003 the Fund had no exposure to foreign currency risk.

Currency	Total USD
MXN	465,454

(d) Interest Rate Risk

The fund invests in fixed interest securities that earn interest. Any change to the interest rates relevant for particular securities may result in the Investment Manager being unable to secure similar returns on the expiry of contract or the sale of securities.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the value of the fixed interest securities will decline along with certain expenses calculated by reference to assets of the Fund. A decline in interest rates will in general have the opposite effect.

30 JUNE 2004

	Fixed Rate Interest USD
US Dollar	60,135,804

30 JUNE 2003

	Fixed Rate Interest USD
US Dollar	58,737,813

Notes to the Financial Statements as at 30 June 2004 (Continued)

14. FINANCIAL INSTRUMENTS (Continued)

(d) Interest Rate Risk (Continued)

30 JUNE 2004	Fixed Rate Financial Assets Weighed Average Interest Rate (%)	Fixed Rate Financial Assets Weighted Average Period for which rate is Fixed (Years)
Country		
United States	8.82	11.08
30 JUNE 2003		
Country		
United States	8.79	10.27

(e) Liquidity risk

The Fund's assets comprise mainly realisable securities, which can be readily sold. The main liability of the Fund is the redemption of any shares that investors wish to sell.

(f) Fair values of financial assets and financial liabilities.

All of the financial assets of the Fund are held at fair value. Realised gains and losses on financial assets are disclosed in the Statement of Operations on page 9.

15. PORTFOLIO CHANGES

A full listing of the Portfolio Changes for the period is available, upon request, at no cost from the Manager. A list of the largest purchases and sales for the Fund is shown on page 21.

16. COMPARATIVE FIGURES

The comparative figures are for the 5 month period to 30 June 2003.

Schedule of Investments as at 30 June 2004

Holding	Investment	Value USD	% of Fund
UNITED STATES			
Corporate Fixed			
4,503,116	11.58% Aes Clesa Series 28/06/2010 (B)	5,138,867	7.63
		<u>5,138,867</u>	<u>7.63</u>
Financial Futures			
(50)	US 10 Year Note Future September 2004 (A)	(66,406)	(0.10)
(60)	US Long Bond Future September 2004 (A)	(121,876)	(0.18)
		<u>(188,282)</u>	<u>(0.28)</u>
Government Fixed			
4,000,000	8.625% Colombia (Republic of) 01/04/2008	4,245,253	6.30
10,000,000	8.11% Costa Rica (Republic of) 01/02/2012	10,068,750	14.94
3,000,000	7.75% El Salvador (Republic of) 24/01/2023	3,128,193	4.64
2,000,000	8.5% El Salvador (Republic of) 25/07/2011	2,165,000	3.21
7,500,000	8.25% El Salvador (Republic of) 10/04/2032	7,085,835	10.52
5,046,000	8.5% Guatemala (Republic of) 03/08/2007	5,449,680	8.09
4,000,000	10.25% Guatemala (Republic of) 08/11/2011	4,520,000	6.71
5,000,000	9.25% Guatemala (Republic of) 01/08/2013	5,433,615	8.06
2,335,000	8.5% Mexico (United Mexican States) 01/02/2006	2,520,925	3.74
1,250,000	6.375% Mexico (United Mexican States) 16/01/2013	1,248,264	1.85
6,000,000	9.375% Panama (Republic of) 16/01/2023	6,130,172	9.10
3,000,000	8.05% Costa Rica (Republic of) 31/01/2013	3,001,250	4.45
		<u>54,996,937</u>	<u>81.61</u>
UNITED STATES - TOTAL		59,947,522	88.96
TOTAL VALUE OF INVESTMENTS		59,947,522	88.96
(Cost: USD 59,138,143)			
CASH*		1,924,362	2.86
OTHER NET ASSETS		5,509,155	8.18
TOTAL VALUE OF FUND		67,381,039	100.00

Analysis of Total Assets (Unaudited)

	% of Total Assets
Transferable securities admitted to an official stock exchange listing	81.61
Transferable securities dealt with in another regulated market classified as (A) above	(0.28)
Transferable securities not listed on any stock exchange classified as (B) above	7.63
Current Assets	11.04
	<u>100.00</u>

*All cash holdings held with The Governor and Company of the Bank of Ireland, other than a bank balance of \$252,094 held as security by the counterparty to derivatives contracts, Deutsche Bank Securities Inc.

Schedule of Portfolio Changes for the period ended 30 June 2004

Largest Purchases

522,000	9% Mexico (United Mexican States) 20/12/2012
4,000,000	9.375% Panama (Republic of) 16/01/2023
3,000,000	9.25% Guatemala (Republic of) 01/08/2013
3,000,000	7.75% El Salvador (Republic of) 24/01/2023
2,000,000	8.5% El Salvador (Republic of) 25/07/2011
1,250,000	6.375% Mexico (United Mexican States) 16/01/2013
1,000,000	6.548% Costa Rica (Republic of) 20/03/2014

Largest Sales

4,500,000	9.5% El Salvador (Republic of) 15/08/2006
4,000,000	8.5% El Salvador (Republic of) 25/07/2011
522,000	9% Mexico (United Mexican States) 20/12/2012
2,000,000	8.11% Costa Rica (Republic of) 01/02/2012
3,000,000	6.5% Petroleos Mexicanos 01/02/2005
1,250,000	8.3% Mexico (United Mexican States) 15/08/2031
1,000,000	6.548% Costa Rica (Republic of) 20/03/2014
255,432	11.58% Aes Clesa Series 28/06/2010*

* Amortisation of security from its sinking fund