

CABEI Central American Fund plc CABEI Central American Portfolio

Unaudited Financial Statements

For the six months ended 30 June 2006



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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: Paul Schubert (American) Directors from Central American Bank for Economic Integration: Alejandro Rodriguez (Costa Rican) Nick Rischbieth Glöe (Honduran) Directors from DWS Finanz-Service GmbH: Markus Kohlenbach (German) Other Directors: Michael Greene (Irish) Per Åke Rydberg (Swedish) Jaime Chavez (Honduran)
Investment Manager	DWS Finanz - Service GmbH Mainzer Landstrasse 178-190 60327 Frankfurt am Main Germany
Administrator	Bank of Ireland Securities Services Limited New Century House International Financial Services Centre Mayor Street Lower Dublin 1 Ireland
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

Organisation (continued)

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

Consultant PCS & Associates
614 King Avenue
City Island
New York
NY 10464 - 1111
USA

Registered No: 303448

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.

The CABEL 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 are not being 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.*

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 two 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, Spain 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, Spain and Costa Rica), as market conditions warrant and within 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.

The Company is administered by Bank of Ireland Securities Services Limited. DWS Finanz-Service GmbH serve as Investment Manager to the Company pursuant to an investment management agreement dated 31 December 2004. The Investment Manager, DWS Finanz-Service GmbH, is an indirect subsidiary of Deutsche Bank AG. The Fund is denominated in US Dollars. The Funds Dealing Day is every day that is a business day in Dublin and New York.

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 Financial Regulator.

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.

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 two portfolios. The Company has issued shares in the CABEI CENTRAL AMERICAN PORTFOLIO (the 'Fund').

2. Investment Objective and Policy

The Fund's investment objective is to generate a high real rate of return. The Fund seeks to achieve this objective by investing primarily in debt and related instruments and equity and related instruments issued by sovereign issuers, their agents and instrumentalities, state-owned issuers slated for privatization, corporate issuers, supranational issuers, quasi-governmental issuers, and any other issuer 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, Spain, 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 Portfolio to invest the majority of its assets in Central American countries that are members of CABEI, as market conditions warrant and within the risk/return profile of the Portfolio. There will be no restriction with respect to the currency of denomination of any of the securities mentioned above. The Portfolio may invest up to 100 per cent of its assets in securities issued or guaranteed by CABEI. The Portfolio may invest in securities which are below investment grade and accordingly, investment in the Portfolio should not constitute a substantial portion of an investor's investment portfolio and may not be appropriate for all investors. Please see the Offering Circular for more information.

3. Investment Management

DWS Finanz-Service GmbH serves as Investment Manager pursuant to an investment management agreement dated 31 December 2004.

4. Net Asset Value

The Net Asset Value of the Fund is calculated daily. 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). Debt securities are valued by independent pricing services approved by the Trustees of the Fund. If the pricing services are unable to provide valuations, the securities are valued at the most recent bid quotation or evaluated price as applicable, obtained from a broker-dealer. Such service may use various pricing techniques, which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data, as well as broker quotes. 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.

Information for Shareholders (continued)

5. Issue and Repurchase of Shares

The procedures for the issue and repurchase of shares are described in detail in the Offering Circular dated 1 January 2005, revised offering circular.

Issue of Shares

Allotments of Shares are normally made with effect from a Dealing Day against applications received in Dublin by the Administrator by 9:00 pm Dublin time on the preceding Business Day.

Repurchase of Shares

Requests for the repurchase of Shares must be received by the Administrator by 9.00 p.m. Dublin time on a Business Day which is at least two Business Days prior to the relevant Dealing Day and will then normally be dealt with on that Dealing Day. Requests for the repurchase of Shares may be made either by facsimile or in writing to the Administrator.

6. 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.

A statement of changes in the composition of the portfolio during the period will be made available to shareholders on receipt of a written request.

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.

Income Statement

	Notes	Period ended 30 June 2006 USD	Period ended 30 June 2005 USD
Net Investment Income	2	734,851	4,223,873
Operating Expenses	3	(557,686)	(988,534)
Net Operating Income		<u>177,165</u>	<u>3,235,339</u>
Increase in Net Assets resulting from Operations		<u>177,165</u>	<u>3,235,339</u>
Increase in Net Assets transferred to Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders		<u>177,165</u>	<u>3,235,339</u>

There are no recognised gains or losses arising in the period other than the 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.

Balance Sheet

	Notes	As at 30 June 2006 USD	As at 31 December 2005 USD
ASSETS			
Cash Deposits		823,717	6,730,796
Debtors	4	3,180,820	357,758
Financial assets at fair value through profit or loss		68,528,637	73,996,322
Total Assets		72,533,174	81,084,876
LIABILITIES			
Accrued Expenses	5	(165,457)	(526,534)
Net assets attributable to holders of redeemable participating shares		72,367,717	80,558,342

Statements of Changes in Net Assets Attributable to Redeemable Participating Shareholders

	Period ended 30 June 2006 USD	Period ended 30 June 2005 USD
Net assets attributable to redeemable participating shareholders at beginning of period	80,558,342	70,542,124
Amounts received on issue of shares	8,048,923	7,002,870
Amounts paid on redemption of shares	(16,416,713)	(4,262,363)
(Decrease)/Increase in net assets resulting from share transactions	(8,367,790)	2,740,507
Increase in net assets resulting from operations (page 7)	177,165	3,235,339
Net(decrease)/ increase in shareholders' funds	(8,190,625)	5,975,846
Net assets attributable to redeemable participating shareholders at end of period	72,367,717	76,517,970

Notes to the Financial Statements as at 30 June 2006

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

These financial statements have been prepared in accordance with Irish generally accepted accounting principles (Irish GAAP) using the historical cost convention, adjusted to take account of the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The accounting policies have been applied consistently by the Fund and are consistent with those used in the previous period except for the changes resulting from the adoption of FRS 23 "The effects of changes on foreign exchange rates", FRS 25 "Financial Instruments: Disclosure and Presentation", and FRS 26 "Financial Instruments Measurement".

The Fund adopted FRS 23 "The effect of changes in foreign exchange rates", FRS 25 "Financial Instruments: Disclosure and Presentation" and FRS 26 "Financial Instruments Measurement", with effect from 1 January 2005.

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.

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 income statement and statement of changes in net assets attributable to redeemable participating shareholders on pages 7 and 9.

In arriving at the results for the period, all amounts in the income statement 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 2005.

All references to net assets throughout this document refer to net assets attributable to holders of redeemable preference shares, unless otherwise stated.

The financial statements are prepared in US Dollars.

b) Investments

(i) Classification and Recognition

On 1 January 2005, the Fund adopted FRS 25 and FRS 26 (as amended for the fair value option) and designated its bond investments into the financial assets at fair value through profit or loss category and futures are held for trading. Deposits are classified as loans and receivables.

Notes to the Financial Statements as at 30 June 2006 (continued)

(i) Classification and Recognition (Continued)

The category of financial assets and financial liabilities at fair value through profit or loss comprises:

- Financial instruments held for trading. These include futures and liabilities from short sales of financial instruments included as financial derivative instruments on the balance sheet. All derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as financial assets held-for-trading. All derivatives in a net payable position (negative fair value), as well as options written, are reported as financial liabilities held-for-trading.
- Financial instruments designated at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold.

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument, and all significant rights and access to the benefits from the assets, and the exposure to the risks inherent in those benefits, are transferred to the fund. The fund derecognises financial assets and financial liabilities when all such benefits and risks are transferred from the fund.

A regular way purchase of financial assets is recognised using trade date accounting. From this date, any gains and losses, arising from changes in fair value of the financial assets or financial liabilities, are recorded.

Financial liabilities are not recognised unless one of the parties has performed or the contract is a derivative contract not exempted from the scope of FRS 26.

(ii) Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the profit and loss account.

Financial liabilities, arising from the redeemable shares issued by the Fund, are carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets.

The fair value of financial instruments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

If a quoted market price is not available on a recognised stock exchange or from a broker / dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Fair values for unquoted equity investments are estimated, if possible, using applicable price / earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of derivatives, that are not exchange traded, is estimated at the amount that the Fund would receive or pay to terminate the contract at the balance sheet date, taking into account current market conditions (volatility, appropriate yield curve) and the current creditworthiness of the counterparties. Realised gains and losses on investment disposals are calculated using the average cost method.

Notes to the Financial Statements as at 30 June 2006 (continued)

(iii) Impairment

Financial assets, that are stated at cost or amortised cost, are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the profit and loss account as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases, and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the profit and loss account.

(iv) Specific Instruments

Cash comprises current deposits with banks. The measurement of deposits are amortised cost. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

c) Cash Flow Statement

The Company has availed of the exemption available to open ended investment funds under FRS 1 not to prepare a cash flow statement.

d) Income and Operating Expenses

All income and expenses are recognised in the profit and loss account on an accruals basis.

The Company is responsible for all normal operating expenses including audit fees, stamp and other duties and charges incurred on the acquisition and realisation of investments.

e) Derivative Instruments

Changes in the value of the derivatives are recognised as gains and losses by marking to market on a daily basis to reflect the value of the derivative at the end of each day's trading. They are valued at the settlement price established each day on which they are traded, and the Company's investment therein, representing unrealised gain or loss on the contracts, is included in the Income Statement.

f) Redeemable Participating Shares

Redeemable participating shares are redeemable at the Shareholder's option and are classified as financial liabilities. The distribution on these preference shares is recognized in the Income Statement as finance costs.

g) Foreign Exchange

The functional currency of the Fund is US Dollar. The directors have determined that this reflects the Fund's primary economic environment as the majority of the Fund's net assets attributable to holders of redeemable preference shares, are in US Dollar.

Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit and loss are recognised together with other changes in the fair value. Included in the profit or loss line item, Net Foreign Exchange Gain/Loss, are net foreign exchange gains and losses on monetary financial assets and liabilities other than those classified at fair value through profit and loss.

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 2006. 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 Income Statement in determining the result for the period.

Notes to the Financial Statements as at 30 June 2006 (continued)

g) Foreign Exchange (Continued)

Transactions which occurred during the period are translated into US Dollars at the exchange rate prevailing on the transaction date. Assets and liabilities in foreign currencies are translated into US Dollars at exchange rates prevailing at the balance sheet date. Resulting gains or losses are reported in the Profit and Loss Account.

The following exchange rates, at 30 June 2006, were used to convert investments, assets and liabilities to the base currency of the Fund (USD):

EUR	0.7821
MXN	11.28767

Notes to the Financial Statements as at 30 June 2006 (continued)

	Period ended 30 June 2006 USD	Period ended 30 June 2005 USD
2. NET INVESTMENT INCOME		
Income from Cash Instruments	-	32,750
Bank Interest	111,336	59,939
Gain/(Loss) on Investments	624,814	4,644,334
Loss on Futures	(570)	(513,590)
Net Currency Gain/(Loss)	(729)	440
	<u>734,851</u>	<u>4,223,873</u>
3. OPERATING EXPENSES		
Investment Management Fees	313,222	297,653
Admin/Custody/Transfer Agency Fees	54,527	49,853
Distribution Fees *	(90,532)	115,455
Performance Fees	-	250,260
Auditor's Fees	13,269	11,484
Directors' Expenses	16,751	14,528
Directors' Fees	54,163	37,515
Legal - Fund Organisation & Related Business	19,029	-
Legal - Administrative & General Legal Support	8,738	-
Other Legal Expenses	15,780	135,610
Printing/Publishing	9,973	567
Marketing Expenses	26,121	16,819
Consultancy Fees	76,810	52,153
Directors' Liability Insurance	38,035	-
Other Sundry Expenses	1,800	-
Over Accrual of VAT Rebate	-	6,637
	<u>557,686</u>	<u>988,534</u>

* The Distribution agreement between CABEI Central American Fund Plc and SDI was terminated on 8 November 2005. The amount reported in the period ended 30 June 2006 includes a settlement refund of USD 93,540

Notes to the Financial Statements as at 30 June 2006 (continued)

	As at 30 June 2006 USD	As at 31 December 2005 USD
4. DEBTORS		
Accrued Deposit Interest	883	1,930
Sale of Securities awaiting Settlement	3,166,096	302,419
Prepaid Insurance	-	23,655
VAT Rebate Receivable	13,841	29,754
	<u>3,180,820</u>	<u>357,758</u>
5. CREDITORS (amounts falling due within one year)		
Accrued Investment Management Fees	41,467	55,000
Accrued Performance Fee	-	235,940
Accrued Other Expenses	105,712	84,344
Accrued Other Legal Expenses	9,717	-
Legal - Fund Organisation & Related Business Payable	5,707	33,333
Legal - Administrative & General Legal Support Payable	2,854	16,667
Amount due to Broker	-	101,250
	<u>165,457</u>	<u>526,534</u>
6. 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.

Notes to the Financial Statements as at 30 June 2006 (continued)

6. SHARE CAPITAL (Continued)

Shares in Issue	As at 30 June 2006	As at 30 June 2005
NUMBER OF SHARES		
Issued and Fully Paid		
Balance at beginning of period	56,912	53,459
Issued during period	5,593	5,221
Redeemed during period	(11,519)	(3,150)
Total number of shares in issue at period end	50,986	55,530

7. NET ASSET VALUE

	USD
As at 30 June 2006	72,367,717
As at 30 June 2005	76,517,970
As at 30 June 2004	67,381,039
NET ASSET VALUE PER UNIT	
As at 30 June 2006	1,419.36
As at 30 June 2005	1,377.96
As at 30 June 2004	1,251.48

8. FEES

The Investment Manager shall be entitled to receive an investment management fee from the Company, payable monthly in arrears of 0.825 per cent (2005: 0.825 per cent), per annum, of the average daily Net Asset Value of the Portfolio.

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.

The Custodian shall be entitled to a fee which is accrued daily and paid monthly in arrears at an annual rate ranging from 0.02 per cent to 0.35 per cent of Net Asset Value for the assets held, subject to a minimum monthly fee of US\$1,500. The Administrator shall be entitled to a fee which is accrued daily and paid monthly in arrears at an annual rate of 0.1 per cent of net assets for the first US\$100 million of net assets and 0.07% of the Net Asset Value in excess thereof, subject to a minimum monthly fee of US\$5,000 as applicable.

9. 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 did not invest in any futures. However, in previous periods, the Fund has used futures to hedge against market price movement. The counterparty for the futures is Deutsche Bank Securities Inc.

Notes to the Financial Statements as at 30 June 2006 (continued)

10. 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 who is listed on page 1. Amounts earned by the Investment Manager are disclosed in Note 3 on page 14.

The Central American Bank for Economic Integration (CABEI) is the majority shareholder with a 90.20% holding in the Fund at period end. It is also the Placement Agent. Alejandro Rodriguez and Nick Rischbieth Gloe, directors of the fund, are also directors of CABEI. Walter Dostmann holds one subscriber share.

11. TAXATION

The Company will not be liable for 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 transactions 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 for Irish tax on the occurrence of a chargeable event.

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

12. SOFT COMMISSION ARRANGEMENTS

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

13. 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 Prospectus 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 9 to provide a degree of protection against market price falls. The Investment Manager 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.

Details of the Fund's investment portfolio at the balance sheet date are disclosed in the schedule of investments.

Notes to the Financial Statements as at 30 June 2006 (continued)

13. FINANCIAL INSTRUMENTS (Continued)

(b) Credit Risk

Financial assets which potentially expose the Fund to credit risk consist principally of the credit risk of the underlying investments and, to a lesser extent, 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 counterparties on recognised and reputable exchanges.

The total credit split is as follows:		%		%
	B	5.18	BBB	4.55
	BB	27.14	BBB-	7.14
	BB-	22.67	Not Rated	5.75
	BB+	27.57		

(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 2006 and comparatives for 30 June 2005.

Currency	30 June 2006	30 June 2005
	Total USD	Total USD
Mexican Peso	66,151	84,822
	<u>66,151</u>	<u>84,822</u>

(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.

The Fund invests in the currencies noted below at both fixed and floating rates of interest. All investments earn interest except Financial Futures.

Securities held

30 June 2006

	Fixed Rate Interest USD	Floating Rate Interest USD	Total USD
US Dollar	62,947,713	5,580,924	68,528,637

31 December 2005

	Fixed Rate Interest USD	Floating Rate Interest USD	Total USD
US Dollar	71,643,967	2,352,355	73,996,322

Notes to the Financial Statements as at 30 June 2006 (continued)

13. FINANCIAL INSTRUMENTS (Continued)

(d) Interest Rate Risk (Continued)

	Fixed Rate Financial Assets Weighed Average Interest Rate (%)	Fixed Rate Financial Assets Weighted Average Year for which rate is Fixed
30 June 2006	8.41	13.20
30 June 2005	8.22	10.23

The weighted average interest rate and the weighted average years to maturity is calculated by reference to the market value of the fixed rate financial assets.

The maturity profile of the Company's interest bearing financial assets and liabilities at 30 June 2006 was:

	Within one year	One to five years	Over five years
	-	5,578,618	62,950,019

(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 Income Statement on page 7.

14. PORTFOLIO CHANGES

A full listing of the Portfolio Changes for the period is available, upon request, at no cost from the Investment Manager. A list of the largest purchases and sales for the Fund is shown on page 22.

15. COMPARATIVE FIGURES

The comparative figures for the Income Statement and the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares are for the six month period to 30 June 2005. The comparative figures for the Balance Sheet are as at 31 December 2005.

16. APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved by the board on 28 August 2006.

Schedule of Investments as at 30 June 2006 (continued)

Holding	Investment	Value \$	% of Fund
Transferable Securities Admitted to an Official Stock Exchange Listing.			
USD - DENOMINATED SECURITIES			
Government Fixed			
1,200,000	8.125% Colombia (Republic of) 21/05/2024	1,222,847	1.69
6,000,000	8.11% Costa Rica (Republic of) 01/02/2012	6,542,653	9.04
3,000,000	9.995% Costa Rica (Republic of) 01/08/2020	3,841,603	5.31
1,000,000	9.5% Dominican Republic 27/09/2011	1,158,525	1.60
700,000	8.625% Dominican Republic 20/04/2027	703,273	0.97
3,000,000	7.75% El Salvador (Republic of) 24/01/2023	3,278,742	4.53
6,000,000	8.5% El Salvador (Republic of) 25/07/2011	6,651,333	9.19
2,500,000	8.25% El Salvador (Republic of) 10/04/2032	2,647,302	3.66
2,700,000	7.625% El Salvador (Republic of) 21/09/2034	2,893,331	4.00
1,546,000	8.5% Guatemala (Republic of) 03/08/2007	1,647,134	2.28
4,000,000	10.25% Guatemala (Republic of) 08/11/2011	4,679,638	6.47
5,700,000	9.25% Guatemala (Republic of) 01/08/2013	6,620,866	9.15
3,400,000	9.375% Panama (Republic of) 16/01/2023	4,150,232	5.73
2,000,000	8.05% Costa Rica (Republic of) 31/01/2013	2,195,925	3.03
3,500,000	7.65% El Salvador (Republic of) 15/06/2035	3,412,762	4.72
750,000	7.25% Panama (Republic of) 15/03/2015	773,773	1.07
590,000	6.375% United Mexican States 16/01/2013	607,507	0.84
		53,027,446	73.28
Government Variable			
2,000,000	Argentina (Republic of) FRN 03/08/2012	1,649,440	2.28
4,000,000	Nicaragua (Republic of) FRN 01/02/2011	3,931,484	5.43
		5,580,924	7.71
Corporate Fixed			
2,500,000	8.5% Citco Trustees 21/12/2014	2,561,468	3.54
5,000,000	6.75% MMG Fiduciary El Salvador Trust 01/02/2016	4,905,957	6.78
2,500,000	7.75% Pemex Project Fund 29/09/2049	2,452,842	3.39
		9,920,267	13.71

Schedule of Investments as at 30 June 2006 (continued)

Holding	Investment	Value \$	% of Fund
Schedule of Investments as at 30 June 2006 (Continued)			
	TOTAL VALUE OF INVESTMENTS (Cost: USD 67,183,543)	68,528,637	94.70
	CASH*	823,717	1.14
	OTHER NET ASSETS	3,015,363	4.17
	TOTAL VALUE OF FUND	72,367,717	100.00

*All cash holdings held with the Governor & Company of the Bank of Ireland.

** Other Net Assets are made up of the Debtors figure (note 4) less the Creditors figure (note 5).
Also please refer to the Balance Sheet on page 8.

Analysis of Total Assets

	% of Total Assets
Transferable securities admitted to an official stock exchange listing	94.70
Other Net Assets	5.31
	100.01

Schedule of Portfolio Changes for the period ended 30 June 2006

		Value
		\$
Largest Purchases		
5,000,000	6.75% MMG Fiduciary El Salvador Trust 01/02/2016	4,975,550
4,000,000	Nicaragua (Republic of) FRN 01/02/2011	3,776,804
3,000,000	9.995% Costa Rica (Republic of) 01/08/2020	3,768,750
3,500,000	7.65% El Salvador (Republic of) 15/06/2035	3,695,220
3,000,000	9.25% Guatemala (Republic of) 01/08/2013	3,495,000
3,000,000	8.05% Costa Rica (Republic of) 31/01/2013	3,273,750
70,000,000	Depfa Bank PLC ZCP 15/06/2015	2,713,545
2,000,000	Argentina (Republic of) FRN 03/08/2012	1,632,000
700,000	8.625% Dominican Republic 20/04/2027	700,000
Largest Sales		
5,000,000	8.05% Costa Rica (Republic of) 31/01/2013	5,432,000
4,500,000	9.25% Guatemala (Republic of) 01/08/2013	5,182,500
3,644,609	11.58% Aes Clesa Series 28/06/2010	4,281,865
3,060,000	8.125% Guatemala (Republic of) 06/10/2034	3,400,425
2,500,000	8.625% Colombia (Republic of) 01/04/2008	2,666,000
70,000,000	Depfa Bank PLC ZCP 15/06/2015	2,648,925
3,000,000	Argentina (Republic of) FRN 03/08/2012	2,445,600
1,000,000	8.11% Costa Rica (Republic of) 01/02/2012	1,050,500
1,000,000	8.25% El Salvador (Republic of) 10/04/2032	1,023,750
1,000,000	7.75% Pemex Project Fund 29/09/2049	1,012,500
500,000	9.375% Panama (Republic of) 16/01/2023	615,000
500,000	8.5% Guatemala (Republic of) 03/08/2007	510,000
500,000	7.25% Panama (Republic of) 15/03/2015	500,000
410,000	6.375% United Mexican States 16/01/2013	430,500

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For more information please visit our website www.deam-us.com under Offshore Funds (for Non-US Residents)

