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HERZFELD CARIBBEAN BASIN FUND INC  
Form N-CSRS  
March 02, 2004

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-06445  
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The Herzfeld Caribbean Basin Fund, Inc.  
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(Exact name of registrant as specified in charter)

P.O. BOX 161465, MIAMI, FLORIDA 33116  
-----

(Address of principal executive offices) (Zip code)

THOMAS J. HERZFELD  
P.O. BOX 161465, MIAMI, FL 33116  
-----

(Name and address of agent for service)

Registrant's telephone number, including area code: 305-271-1900  
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Date of fiscal year end: 06/30/04  
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Date of reporting period: 12/31/2003  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

Item 1. Shareholder Report

THE HERZFELD  
CARIBBEAN BASIN  
FUND, INC.

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SEMI-ANNUAL REPORT  
December 31, 2003

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THE HERZFELD CARIBBEAN BASIN FUND, INC.  
The Herzfeld Building  
PO Box 161465  
Miami, FL 33116  
(305) 271-1900

INVESTMENT ADVISOR  
HERZFELD/CUBA  
a division of Thomas J. Herzfeld Advisors, Inc.  
PO Box 161465  
Miami, FL 33116  
(305) 271-1900

TRANSFER AGENT & REGISTRAR  
Investors Bank & Trust Company  
200 Clarendon Street,  
16th Floor Boston, MA 02116  
(617) 443-6870

CUSTODIAN  
Investors Bank & Trust Company  
200 Clarendon Street, 5th Floor  
Boston, MA 02116

COUNSEL  
Pepper Hamilton LLP  
3000 Two Logan Square  
18th and Arch Streets  
Philadelphia, PA 19103

INDEPENDENT AUDITORS  
Kaufman, Rossin & Co., P.A.  
2699 South Bayshore Drive  
Miami, FL 33133  
www.kaufmanrossin.com

Listed NASDAQ SmallCap Market  
Symbol: CUBA

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The Herzfeld Caribbean Basin Fund's investment objective is long-term capital appreciation. To achieve its objective, the Fund invests in issuers that are likely, in the Advisor's view, to benefit from economic, political, structural and technological developments in the countries in the Caribbean Basin, which consists of Cuba, Jamaica, Trinidad and Tobago, the Bahamas, the Dominican Republic, Barbados, Aruba, Haiti, the Netherlands Antilles, the Commonwealth of Puerto Rico, Mexico, Honduras, Guatemala, Belize, Costa Rica, Panama, Colombia and Venezuela. The fund invests at least 80% of its total assets in a broad range of securities of issuers including U.S.-based companies, which engage in substantial trade with and derive substantial revenue from operations in the Caribbean Basin Countries.

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LETTER TO STOCKHOLDERS

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[PHOTO]  
Thomas J. Herzfeld  
Chairman and President

February 2, 2004

Dear Fellow Stockholders:

We are pleased to present our semi-annual report for the period ending December 31, 2003. On that date The Herzfeld Caribbean Basin Fund's net assets were \$8,719,841 and its per share net asset value was \$5.20\*, compared with \$5,741,830 or \$3.42 per share a year earlier representing a gain in net asset value of 52.0% for the calendar year and 31.64% for the six month period ended December 31, 2003.

When we formed The Herzfeld Caribbean Basin Fund 10 years ago, it appeared to us at the time that the U.S. may have been considering lifting the embargo with Cuba. That event, however, has always been elusive. Knowing that, we positioned the Fund's investments in companies which we believed would do well if there were no change in U.S. policy towards Cuba; but at the same time, in companies we believe would benefit from the resumption of trade with that country. That strategy has worked quite well. For instance, our net asset value has reached a record high (adjusted for distributions) and our shares have recently been trading at a premium to net asset value. Many of our major holdings are experiencing good price performance.

Although the embargo with Cuba is still in place, it is interesting to note that the U.S. is Cuba's 8th largest trading partner. U.S. food sales to that country now account for 25% of Cuba's food imports.

The Cuban economy grew at 2.6% in 2003. Although sugar production dropped 40%, tourism was quite strong. Approximately 1.9 million foreigners visited the island, a 16% increase from the previous year.

We continue to believe that our portfolio is invested in companies throughout the Caribbean Basin which have great prospects--with or without the Cuban embargo. If trade is resumed, things should get very interesting.

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\*For those who like coincidences, 5/20 or May 20th is Cuban Independence Day and 5/20/04 will mark the tenth anniversary of our Fund's trading.

- 3 -

LETTER TO STOCKHOLDERS (Continued)

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LARGEST ALLOCATIONS

The following tables present our largest investment and geographic allocations as of December 31, 2003.

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GEOGRAPHIC            % OF NET ASSETS            LARGEST PORTFOLIO POSITIONS            % OF NET ASSETS  
ALLOCATION

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USA	0.10%	Florida East Coast Industries Inc.	21.33%
Mexico	1.27%	Consolidated Water Co.	6.44%
Cayman Islands	8.34%	Florida Rock Industries	6.29%
Netherlands Antilles	4.02%	Royal Caribbean Cruises Ltd.	5.59%
Latin American Regional	3.87%	Orthofix International N.V.	4.02%
Puerto Rico	2.92%	Watsco Incorporated	3.91%
Panama	2.89%	Mastec, Inc.	3.56%
Belize	2.78%	Carnival Corp.	3.19%
Virgin Islands	0.80%	Margo Caribe Inc.	2.92%
Costa Rica	0.48%	Banco Latinoamericano de	
Colombia	0.43%	Exportaciones, S.A.	2.89%
Dominican Republic	0.29%	-----	
Venezuela	0.09%		
Cuba	0.00%		
-----			

PREMIUM/DISCOUNT

As the graph below depicts, the Fund has traded at both premiums and discounts every year except the year of inception in which it traded only at a premium. As I have stated before, we believe that closed-end funds trading at discounts to net asset value represent good value.

PREMIUM/DISCOUNT OF THE HERZFELD CARIBBEAN BASIN FUND FROM INCEPTION

[LINE CHART]

- 4 -

LETTER TO STOCKHOLDERS (Continued)

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Daily net asset values and press releases on the Fund are available on the Internet at WWW.HERZFELD.COM.

I would like to thank the members of the Board of Directors for their hard work and guidance and also to thank my fellow stockholders for their continued support and suggestions.

Sincerely,

/s/ Thomas J. Herzfeld

Thomas J. Herzfeld  
Chairman of the Board and President

- 5 -

SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 2003

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Shares or Principal Amount	Description	Market Value
-----	-----	-----

Common stocks - 88.28% of net assets

Banking and finance - 3.85%

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7,000	Bancolombia S.A.	\$ 37,380
13,120	Banco Latinoamericano de Exportaciones, S.A.	252,298
28,300	Grupo Financiero BBVA Bancomer, S.A. de C.V. Series O*	24,177
3,600	Grupo Financiero Banorte, S.A. de C.V. Series O*	12,494
8,400	Grupo Financiero Inbursa, S.A. de C.V. Series O*	9,112
Communications - 5.92%		
11,000	America Movil, S.A. de C.V. Series A	15,026
43,800	America Movil, S.A. de C.V. Series L	60,259
11,100	America Telecom, S.A. de C.V. Series A1	14,332
2,500	Atlantic Tele-Network, Inc.	70,125
11,100	Carso Global Telecom, S.A. de C.V., Series A1*	15,547
1,000	Garmin Ltd.	54,480
725	Grupo Iusacell, S.A. de C.V. Series V*	1,348
15,000	Grupo Radio Centro, S.A. ADR	104,700
1,000	Grupo Televisa S.A. GDR	39,860
12,100	Grupo Televisa, S.A. Series CPO*	24,152
11,000	Telefonos de Mexico, S.A. de C.V. Series A	18,158
39,300	Telefonos de Mexico, S.A. de C.V. Series L	65,049
18,000	Tricom, S.A. ADR*	25,560
13,900	TV Azteca, S.A. de C.V. Series CPO	7,941
Conglomerates - 3.48%		
4,900	Alfa, S.A. de C.V. Series A*	14,695
39,400	Carlisle Holdings, Inc.*	242,310
3,100	Corporacion Interamericana de Entretenimiento, S.A. de C.V. Series B*	5,873
4,200	Desc, S.A. de C.V. Series B	1,446
3,300	Grupo Carso, S.A. de C.V. Series A1*	11,600
3,300	U.S. Commercial Corp., S.A. de C.V.*	1,365
2,600	Vitro, S.A. Series A	2,547
8,000	Vitro Sociedad Anonima ADR	23,200

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\*Non-income producing

See accompanying notes.

- 6 -

### SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 2003 (continued)

Shares or Principal Amount	Description	Market Value
Construction and related - 10.64%		
10,000	Cemex, S.A. de C.V. Series CPO	\$ 52,281
1,936	Ceramica Carabobo Class A ADR*	2,892
4,000	Consorcio ARA, S.A. de C.V. Series A1*	9,938
15,600	Empresas ICA, Sociedad Controladora, S.A. de C.V.*	3,623
10,500	Florida Rock Industries, Inc.	548,500
20,950	Mastec, Inc.*	310,270
Consumer products and related manufacturing - 5.11%		
800,000	Atlas Electricas, S.A.	42,031
5,400	Grupo Casa Saba, S.A. ADR*	62,370
15,000	Watsco Incorporated	340,950

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Food, beverages and tobacco - 3.04%		
10,000	Coca Cola Femsa, S.A. de C.V. ADR	212,400
5,800	Fomento Economico Mexicano, S.A. de C.V. Series UBD	21,410
7,300	Grupo Bimbo, S.A. de C.V. Series A	13,700
7,300	Grupo Modelo, S.A. de C.V. Series C	17,475
Investment companies - 3.87%		
15,345	The Latin America Equity Fund, Inc.	234,165
8,100	The Latin American Discovery Fund, Inc.	103,599
Leisure - 8.78%		
7,000	Carnival Corp.	278,110
14,000	Royal Caribbean Cruises Ltd.	487,060
Medical - 4.02%		
7,160	Orthofix International N.V.*	350,697
Pulp and paper - 0.17%		
5,700	Kimberly-Clark de Mexico, S.A. de C.V. Series A	14,609
Railroad and landholdings - 21.33%		
56,200	Florida East Coast Industries, Inc.	1,860,220

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\*Non-income producing

See accompanying notes.

- 7 -

SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 2003 (continued)

Shares or Principal Amount	Description	Market Value
-----	-----	-----
Retail - 0.78%		
3,700	Controladora Comercial Mexicana, S.A. de C.V. Series UBC	\$ 3,721
1,380	Grupo Elektra, S.A. de C.V. Series CPO	7,307
7,900	Wal-Mart de Mexico, S.A. de C.V. Series C	21,125
12,500	Wal-Mart de Mexico, S.A. de C.V. Series V	35,629
Trucking and marine freight - 5.16%		
700	Seaboard Corporation	197,400
39,600	Trailer Bridge, Inc.*	218,552
8,000	Grupo TMM, S.A. ADR*	33,920
Utilities - 8.33%		
12,000	Caribbean Utilities Ltd., Class A	165,480
28,000	Consolidated Water, Inc.	561,400
Other - 3.80%		
2,414	Mantex S.A.I.C.A*	3,936
39,120	Margo Caribe Inc.*	254,280
843	Siderurgica Venezolana Sivensa ADR*	639
75	Siderurgica Venezolana Sivensa Series B	56
35,000	Xcelera, Inc.*	72,800
		-----
TOTAL COMMON STOCKS (COST \$5,833,311)		\$7,697,579

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Bonds - 0% of net assets	
165,000 Republic of Cuba - 4.5%, 1977 - in default (cost \$63,038) (note 2)*	--
OTHER ASSETS LESS LIABILITIES - 11.72% OF NET ASSETS	\$1,022,262 -----
NET ASSETS - 100% (a)	\$8,719,841 -----

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\*Non-income producing

(a) The cost for federal income tax purposes was \$5,896,349. At December 31, 2003, net unrealized gain for all securities based on tax cost was \$1,864,268. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess value over tax cost of \$2,709,461 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$845,193.

See accompanying notes.

- 8 -

STATEMENT OF ASSETS AND LIABILITIES AS OF DECEMBER 31, 2003  
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ASSETS	
Investment in securities, at market value (cost \$5,833,311) (Note 2)	\$ 7,697,579
Cash	681,953
Dividends receivable	11,497
Receivable for investments sold	381,615
Other assets	33,249
	-----
TOTAL ASSETS	\$ 8,805,893
LIABILITIES	
Payable for investments purchased	\$ 9,650
Accrued investment advisor fee (Note 3)	23,213
Other payables	53,189
	-----
TOTAL LIABILITIES	86,052 -----
NET ASSETS (Equivalent TO \$5.20 per share based on 1,677,636 shares outstanding)	\$ 8,719,841 =====

NET ASSETS CONSIST OF THE FOLLOWING:

Common stock, \$.001 par value; 100,000,000 shares authorized; 1,677,636 shares issued and outstanding	\$ 1,678
Additional paid-in capital	8,362,502
Accumulated net investment loss	(1,138,632)
Accumulated net realized loss on investments	(369,975)
Net unrealized gain on investments	1,864,268
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TOTAL \$ 8,719,841  
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See accompanying notes.

- 9 -

STATEMENT OF OPERATIONS  
SIX MONTHS ENDED DECEMBER 31, 2003

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INVESTMENT INCOME		
Dividends		\$ 133,344 -----
EXPENSES		
Investment advisor fee (Note 3)	\$ 56,269	
Custodian fees	27,000	
Professional fees	16,402	
Insurance	13,186	
Transfer agent fees	8,750	
Listing fees	7,500	
Printing	3,758	
Director fees	3,900	
Postage	3,772	
Miscellaneous	9,997	
	-----	
Total expenses		150,534 -----
INVESTMENT LOSS - NET		(\$ 17,190)
REALIZED AND UNREALIZED GAIN ON INVESTMENTS AND FOREIGN CURRENCY		
Net realized gain on investments and foreign currency	259,490	
Change in unrealized gain on investments and foreign currency	1,851,537	
	-----	
NET GAIN ON INVESTMENTS		2,111,027 -----
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		\$ 2,093,837 =====

See accompanying notes.

- 10 -

STATEMENTS OF CHANGES IN NET ASSETS

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SIX MONTHS ENDED 12/31/03 (UNAUDITED)	YEAR 6/30/03
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INCREASE IN NET ASSETS FROM		
OPERATIONS:		
Investment loss - net	(\$ 17,190)	(\$ 186,014)
Net realized gain (loss) on investments and foreign currency	259,490	(964,095)
Change in unrealized gain on investments and foreign currency	1,851,537	1,337,987
	-----	-----
Net increase in net assets from operations	2,093,837	187,878
DISTRIBUTIONS TO SHAREHOLDERS FROM:		
Investment income and short-term realized gains	--	--
Realized gains - long-term	--	(129,950)
	-----	-----
Total distributions	--	(129,950)
TOTAL INCREASE IN NET ASSETS	\$ 2,093,837	\$ 57,928
NET ASSETS:		
Beginning of period	\$ 6,626,004	\$ 6,568,076
	-----	-----
End of period	\$ 8,719,841	\$ 6,626,004
	=====	=====

See accompanying notes.

- 11 -

FINANCIAL HIGHLIGHTS

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	SIX MONTHS ENDED 12/31/03 (UNAUDITED)	----- 2003 -----	YEAR EN ----- 2002 -----
PER SHARE OPERATING PERFORMANCE			
Net asset value, beginning of period	\$ 3.95	\$ 3.92	\$ 5.15
	-----	-----	-----
Operations:			
Net investment loss	(0.01)	(0.11)	(0.10)
Net realized and unrealized gain (loss) on investments	1.26	0.22	(0.98)
	-----	-----	-----
Total from (to) operations	1.25	0.11	(1.08)
	-----	-----	-----
Distributions:			
From investment income net	--	--	(0.10)
	-----	-----	-----
From net realized gains	--	(0.08)	(0.05)
	-----	-----	-----
Total distributions	--	(0.08)	(0.15)
	-----	-----	-----
Net asset value, end of period	\$ 5.20	\$ 3.95	\$ 3.92

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Per share market value, end of period	\$ 4.75	\$ 3.49	\$ 3.48
Total investment return (loss) based on market value per share	72.21% (1)	2.70%	(13.45%)
RATIOS AND SUPPLEMENTAL DATA			
Net assets, end of period (in 000's)	\$8,720	\$6,626	\$6,568
Ratio of expenses to average net assets	3.90% (1)	4.46%	3.77%
Ratio of investment loss - net to average net assets	(0.45%) (1)	(3.15%)	(2.45%)
Portfolio turnover rate	12%	3%	18%

(1) This ratio has been annualized; however, the percentage shown is not necessarily indicative of results for a full year.

See accompanying notes.

- 12 -

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND RELATED MATTERS

The Herzfeld Caribbean Basin Fund, Inc. (the "Fund") is a non-diversified, closed-end management investment company incorporated under the laws of the State of Maryland on March 10, 1992, and registered under the Investment Company Act of 1940. The Fund commenced investing activities in January, 1994. The Fund is listed on the NASDAQ SmallCap Market and trades under the symbol "CUBA".

The Fund's investment policy is to invest at least 80% of its assets in investments that are economically tied to Caribbean Basin Countries. The Fund's investment objective is to obtain long-term capital appreciation. The Fund pursues its objective by investing primarily in equity and equity-linked securities of public and private companies, including U.S.-based companies, (i) whose securities are traded principally on a stock exchange in a Caribbean Basin Country or (ii) that have at least 50% of the value of their assets in a Caribbean Basin Country or (iii) that derive at least 50% of their total revenue from operations in a Caribbean Basin Country. The Fund's investment objective is fundamental and may not be changed without the approval of a majority of the Fund's outstanding voting securities.

At December 31, 2003, the Fund had investments in companies operating principally in Mexico and the Cayman Islands, representing approximately 11% and

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8% of the Fund's net assets, respectively.

The Fund's custodian and transfer agent is Investors Bank & Trust Company, based in Boston, Massachusetts.

### SECURITY VALUATION

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Investments in securities traded on a national securities exchange or reported on the NASDAQ are stated at the last reported sales price and official closing price, respectively, on the day of valuation; other securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the last quoted bid price. Short-term notes are stated at amortized cost, which is equivalent to value. Restricted securities and other securities for which quotations are not readily available are valued at fair value as determined by the Board of Directors.

- 13 -

### NOTES TO FINANCIAL STATEMENTS

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#### INCOME RECOGNITION

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Security transactions are recorded on the trade date. Gains and losses on securities sold are determined on the basis of identified cost. Dividend income is recognized on the ex-dividend date, and interest income is recognized on an accrual basis. Discounts and premiums on securities purchased are amortized over the life of the respective securities.

#### DEPOSITS WITH FINANCIAL INSTITUTIONS

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The Fund may, during the course of its operations, maintain account balances with financial institutions in excess of federally insured limits.

#### USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### INCOME TAXES

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The Fund qualifies as a "regulated investment company" and as such (and by complying with the applicable provisions of the Internal Revenue Code of 1986, as amended) is not subject to federal income tax on taxable income (including realized capital gains) that is distributed to shareholders.

The Fund has adopted a June 30 year-end for federal income tax purposes.

#### DISTRIBUTIONS TO STOCKHOLDERS

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Distributions to stockholders are recorded on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America.

- 14 -

### NOTES TO FINANCIAL STATEMENTS

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#### NOTE 2. NON-MARKETABLE SECURITY OWNED

Investment in securities include \$165,000 principal, 4.5%, 1977 Republic of Cuba bonds purchased for \$63,038. The bonds are listed on the New York Stock Exchange and had been trading in default since 1960. A "regulatory halt" on trading was imposed by the New York Stock Exchange in July, 1995. As of December 31, 2003, the position was valued at \$0 by the Board of Directors, which approximates the bonds' fair value.

#### NOTE 3. TRANSACTIONS WITH AFFILIATES

HERZFELD / CUBA (the Advisor), a division of Thomas J. Herzfeld Advisors, Inc., is the Fund's investment advisor and charges a monthly fee at the annual rate of 1.45% of the Fund's average daily net assets. Total fees for the six months ended December 31, 2003 amounted to \$56,269.

During the six months ended December 31, 2003, the Fund paid \$3,335 of brokerage commissions to Thomas J. Herzfeld & Co., Inc., an affiliate of the Advisor.

#### NOTE 4. INVESTMENT TRANSACTIONS

During the six months ended December 31, 2003, purchases and sales of investment securities were \$889,492 and \$1,605,489, respectively.

At December 31, 2003, the Fund's investment portfolio had gross unrealized gains of \$2,709,461 and gross unrealized losses of \$845,193, resulting in a net unrealized gain of \$1,864,268.

- 15 -

### PRIVACY POLICY

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#### INFORMATION WE COLLECT

We collect nonpublic information about you from applications or other account forms you complete, from your transactions with us, our affiliates or others through transactions and conversations over the telephone.

#### INFORMATION WE DISCLOSE

We do not disclose information about you, or our former customers, to our affiliates or to service providers or other third parties except on the limited basis permitted by law. For example, we may disclose nonpublic information about you to third parties to assist us in servicing your account with us and to send transaction confirmations, annual reports, prospectuses and tax forms to you. We may also disclose nonpublic information about you to government entities in response to subpoenas.

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OUR SECURITY PROCEDURES

To ensure the highest level of confidentiality and security, we maintain physical, electronic and procedural safeguards that comply with federal standards to guard your personal information. We also restrict access to your personal and account information to those employees who need to know that information to provide services to you.

- 16 -

RESULTS OF NOVEMBER 12, 2003 STOCKHOLDER MEETING

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The annual meeting of stockholders of the Fund was held on November 12, 2003. At the meeting one nominee for Director was elected as follows:

	VOTES FOR	VOTES WITHHELD
Albert L. Weintraub	1,284,736	5,265

The terms of office as directors of Thomas J. Herzfeld, Michael A. Rubin, Cecilia Gondor, and Ann S. Liefv continued after the meeting.

- 17 -

PROXY VOTING POLICIES AND PROCEDURES

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A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling 800-TJH-FUND and on the Securities and Exchange Commission's website at <http://www.sec.gov>.

- 18 -

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- 19 -

THE HERZFELD CARIBBEAN BASIN FUND, INC.  
The Herzfeld Building  
P.O. Box 161465  
Miami, FL 33116

Item 2. Code of Ethics  
Not applicable.

Item 3. Audit Committee Financial Expert  
Not applicable.

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Item 4. Principal Accountant Fees and Services

Not applicable.

Item 5. Audit Committee of Listed Registrants

Not applicable.

Item 6. Reserved.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

Not applicable.

Item 8. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

A response to this item is not yet required.

Item 9. Submission of Matters to a Vote of Security Holders.

A response to this item is not yet required.

Item 10. Controls and Procedures

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-2(c) under the Investment Company Act of 1940, as amended (the "Act"), are effective, based on their evaluation of these controls and procedures as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph.

(b) There were no changes in the registrant's internal controls over financial reporting (as defined in Rule 30a-3(d) under the Act) that occurred during the registrant's last fiscal half year that could materially affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Item 11. Exhibits

(a)(1) Requirement to file an exhibit under this item 10(a)(1) is not applicable.

(2) Separate certifications by the registrant's principal executive officer and principal financial officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and as required by Rule 30a-2(a) under the Investment Company Act of 1940, are attached hereto as Exhibit 99.302 CERT.

(3) Requirement to file an exhibit under item 10(a)(2) is not applicable.

(b) A certification by the registrant's principal executive officer and principal financial officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and as required by Rule 30a-2(b) under the Investment Company Act of 1940 is attached hereto as Exhibit 99.906CERT.

Signatures

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

The Herzfeld Caribbean Basin Fund, Inc.

By: /s/ Thomas J. Herzfeld

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Thomas J. Herzfeld  
President and Chairman

Date: February 19, 2004

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

By: /s/ Thomas J. Herzfeld

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Thomas J. Herzfeld  
President and Chairman

Date: February 19, 2004

By: /s/ Cecilia L. Gondor

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Cecilia L. Gondor  
Secretary and Treasurer  
(Principal Financial Officer)

Date: February 19, 2004