

I REPORT ON THE FIRST THREE MONTHS OF THE 2001/2002 FINANCIAL YEAR

In October 2001, prior to the close of the past financial year, Deutscheeteiligungs AG acquired the remaining shares in DBG Auslands-Holding GmbH and has since been reporting as a Group. The consolidated balance sheet at October 31, 2001 constitutes the basis for future reports. The profit and loss account will be presented on the same basis. For better comparability with the previous year's performance, the reports will state the separate figures for Deutscheeteiligungs AG in addition to the combined results for the Group.

The consolidated pre-tax profit closed slightly negative for the first three months of the 2001/2002 financial year. Since there was no first-quarter income from the sale of investments, pre-tax earnings were € -1.6 million; Deutscheeteiligungs AG registered a pre-tax profit of € -0.7 million. We again want to draw attention to the fact that, by the nature of its business, income for Deutscheeteiligungs AG is strongly dependent on individual transactions and may be disseminated very irregularly over the quarters of a financial year. For the same period the previous year, the pre-tax profit of Deutscheeteiligungs AG had amounted to € -1.2 million.

Portfolio development at January 31, 2002

	Total portfolio in millions of €	Number
November 1, 2001	311	49
Investments	10	
Disposals/Repayments	0	
January 31, 2002	321	49

From November 1, 2001 to January 31, 2002, we invested a total of € 10 million. Of this amount, € 8.0 million were spent on the acquisition of CWW-Gerko Akustik GmbH & Co. KG and RKT Rütgers Kunststofftechnik GmbH. This transaction was contracted in the past financial year and finalized in December 2001 upon payment of the complete purchase price. Both automotive suppliers are divisions of the newly formed AKsys GmbH, sited in Worms.

In addition to Deutsche Beteiligungs AG, a parallel fund managed by Deutsche Beteiligungs AG has co-invested in this project. Thus the total sum invested during the first three months of the current financial year amounts to € 26.5 million.

At January 31, 2002, the portfolio of Deutsche Beteiligungs AG totaled € 321 million (€ 542 million, including co-investment funds), invested in 49 businesses (60, including co-investment funds). The following is a report on key events in the first three months of the 2001/2002 financial year:

MANAGEMENT BUYOUT IN AUTOMOTIVE SUPPLIES INDUSTRY – PLATFORM FOR EXPANSION

We acquired the two automotive suppliers CWW and RKT jointly with two other financial investors and the companies' managements in a management buyout. Through a newco, the syndicate which we led purchased 100 percent of the shares in CWW-Gerko Akustik GmbH & Co. KG and the assets of RKT Rütgers Kunststofftechnik GmbH. Both companies now operate as CWW Gerko GmbH (CWW-Gerko) and RKT Kunststofftechnik GmbH (RKT) under AKsys GmbH, the holding company domiciled in Worms. AKsys' management

team of four executives holds ten percent of the capital stock. Deutsche Beteiligungs AG and a managed co-investment fund own a 37.7 percent share. The other two financial investors hold interests of 37.7 percent (BdW Beteiligungsgesellschaft für die deutsche Wirtschaft mbH, Frankfurt) and 14.6 percent (Süd Private Equity GmbH & Co. KGaA, Stuttgart).

CWW-Gerko and RKT currently employ a staff of some 1,500 at four locations in Germany and another 400 at five international sites.

The Rütgers group, the former majority owner of both companies, wanted to focus more strongly on core activities and, consequently, decided to part with its automotive division.

In 2001, RKT and CWW-Gerko generated combined sales of € 263 million.

RKT manufactures glass-fiber reinforced plastic components for the automotive industry. These engineering plastics are being used in automotive construction to an increasing extent. A key benefit is reduced weight. This alone opens promising growth opportunities for RKT. The company's structural components, largely invisible to the eye in a finished car, are known for their outstanding properties: plastic engine bay shields protect the vehicle underbody from possible damage by rock and stones, in addition to having sound-deadening effects. Spare-tire wells made by RKT are lighter in weight, yet provide the same crash properties as conventional ones made of steel, besides being non-corrosive. RKT manufactures the front-end carrier for high-series model Volkswagen Golf.

The customer base of RKT and CWW-Gerko includes leading German and international car manufacturers. Products made by these two suppliers are employed in numerous successful automobile models – such as in most Mercedes models and VW's Golf. CWW-Gerko and RKT are valued as competent technology partners by their customers: Volkswagen, for instance, has subcontracted development assignments to them.

CWW-Gerko produces acoustically effective components for sound insulation and sound deadening in vehicles. Similar to RKT, CWW-Gerko is a European leader in its market segment with excellent opportunities for growth: the automotive industry is currently directing efforts towards reducing noise both in the passenger compartment and the environment. The growing demand for diesel engines, the desire to communicate when driving a car (mobile phones), greater driving comfort as well as regulatory tightening to reduce noise emissions will spur the need for acoustically effective applications in cars. CWW-Gerko is an acknowledged specialist in sound deadening, involving the reduction of noise projected by vibrating metal through underbody panels, doors and rear trunks of vehicles.

Only a systems provider, such as AKsys plans to be, will be capable of developing integral solutions and offering them as complete product groups. AKsys holds a leadership position in these integral applications. We anticipate that the company's broad technology spectrum will give AKsys the competitive edge.

We intend to expand the excellent market positions of these two automotive suppliers both by organic growth as well as complementary acquisitions. AKsys' international presence is also targeted for expansion, particularly in markets currently

not yet sufficiently penetrated. We plan to double sales within five years. So far largely a component supplier, AKsys will advance to become an international systems provider and development partner for acoustically effective modules and technologically sophisticated plastic components for cars.

We are convinced of having made a very promising investment. Even for the current, difficult automotive year, the management expects that AKsys will outperform the market.

PRIVATE EQUITY MARKET RETURNS TO POSITIVE TREND – MANAGEMENT BUYOUTS STABLE

The statistics published by Bundesverband Deutscher Kapitalbeteiligungsgesellschaften/German Venture Capital Association (BVK) indicate that Germany's private equity market was back to comparatively positive development in the final quarter of 2001. Overall, the market experienced "necessary consolidation on a high level." That has now created the basis for new growth, the association said in a release issued mid February.

According to BVK statistics, management buyouts are fast gaining in importance in Germany's private equity business: more than half of all investments in the fourth quarter of 2001 involved buyout transactions. The breakdown also shows that trade sales – or sales to strategic investors – are becoming more attractive as an exit option. By contrast, flotations have played virtually no role in the second half of 2001.

OUTLOOK

The capital market climate remains subdued and continues to impact our business as a private equity investor. Exiting investments via the stock market is currently impeded. The sluggish economy and uncertainty about future business trends have led to restraint among strategic investors. The past months have seen a distinct decline in enterprise values, triggered by decreased earnings and lower profit multiples. We stand to benefit from that when making acquisitions. On the other hand, the current market may curtail potential proceeds on sales from the portfolio.

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For this financial year, we intend to consistently pursue our investment strategy of acquiring strong businesses with experienced managements through management buyouts. A number of attractive investment opportunities are presently being investigated. Our investors profit from the rise in value of these companies when ultimately realizing these investments.

Deutsche Beteiligungs AG is well poised to continue the very satisfactory progress exhibited in recent years. There is sizeable earnings potential inherent in several mature investments in our portfolio. However, the state of the capital market momentarily limits opportunities to realize that potential.

March 2002

The Board of Management

I CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE
PERIOD FROM NOVEMBER 1, 2001 TO JANUARY 31, 2002
(Previous year: parent company)

	Nov. 1, 2001 to Jan. 31, 2002 T €	Nov. 1, 2000 to Jan. 31, 2001 T €
Income from investments	2,056	1,775
Gains from investment disposals	0	152
Losses from investment disposals	0	1
Write-offs on investments	0	0
Other operating income	1,239	1,468
Personnel costs	1,552	2,419
Depreciation on fixed assets	39	58
Other operating expenses	2,076	1,814
Net interest	-1,219	-334
Result of ordinary activity	-1,591	-1,231
Taxes	-1	216
Consolidated net loss	-1,592	-1,015
Profit carried forward	17,372	33,341
Consolidated profit	15,780	32,326

Earnings per share	€ -0.11	€ -0.07
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	Jan. 31, 2002	Jan. 31, 2001
Number of shares	14 million	14 million
Employees	52	51
Thereof active	47	47

Similar to the previous year, the result for the first quarter of the 2001/2002 financial year was slightly negative and totaled € -1.6 million, since there was no income from the sale of investments. Personnel costs were lower, following a one-time payment in the first quarter of the previous year. The rise in net interest results from greater use of facilities by the parent company as well as bank loans to subsidiaries, which are now included.

I CONSOLIDATED BALANCE SHEET AT JANUARY 31, 2002

ASSETS

	Jan. 31, 2002 T €	Oct. 31, 2001 T €
Fixed assets	808	816
Investments	301,503	291,587
Long-term assets	302,311	292,403
Receivables	6,813	9,165
Other assets/securities/prepayments	23,742	21,520
Cash and cash equivalents	2,399	6,836
Current assets	32,954	37,521
	335,265	329,924
Trustee claims	15,723	15,723

LIABILITIES AND SHAREHOLDERS' EQUITY

	Jan. 31, 2002 T €	Oct. 31, 2001 T €
Subscribed capital	36,400	36,400
Capital reserve	102,194	102,194
Retained earnings	22,823	22,823
Consolidated profit	15,780	17,372
Total shareholders' equity	177,197	178,789
Provisions	24,616	25,369
Liabilities to banks	110,574	96,723
Other liabilities/deferred income	22,878	29,043
Liabilities	133,452	125,766
	335,265	329,924
Trustee liabilities	15,723	15,723

T € = thousands of €

I CASH FLOW STATEMENT

(Previous year: parent company)

	Nov. 1, 2001 to Jan. 31, 2002 T €	Nov. 1, 2000 to Jan. 31, 2001 T €
Increase (+) / decrease (-) in cash and cash equivalents		
Net income	-1,592	-1,015
Write-offs on investments	0	0
Depreciation on fixed assets	39	58
Reversals	0	0
Cash flows from income	-1,553	-957
Increase (-) / decrease (+) in accounts receivable	2,352	5,447
Increase (-) / decrease (+) in other assets/securities/ pre-paid expenses	-2,222	8,563
Increase (+) / decrease (-) in provisions	-753	-627
Increase in non-bank liabilities/ deferred income	-6,165	899
Cash flows from operating activities	-8,341	13,325
Investments	-10,018	-23,424
Investments disposals	102	13,184
Capital expenditure on fixed assets/ intangible assets (net)	-31	-7
Net investment	-9,947	-10,247
Dividends paid for the prior year	0	0
Net increase/decrease in cash and cash equivalents	-18,288	3,078
Repayments to banks (+) / new borrowings (-)	-13,851	3,022
Increase (+) / decrease (-) in bank balance	-4,437	56

T € = thousands of €

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