



Deutsche
Beteiligungs AG



QUARTERLY REPORT
AT JANUARY 31, 2003

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Photo on cover:

Aksys GmbH, Worms: in-house acoustics center.

Aksys, a major automotive supplier for acoustically-effective systems and engineering plastics modules, is on the verge of becoming Europe's leading provider.

I REPORT ON THE FIRST THREE MONTHS OF THE 2002/2003 FINANCIAL YEAR

POSITIVE FIRST-QUARTER RESULTS

Deutsche Beteiligungs AG registered positive results for the first quarter of the new financial year: pursuant to a profitable realization from the portfolio, consolidated net income totaled 3.4 million euros at January 31, 2003. In the previous 2001/2002 financial year, the Group had recorded a first-quarter consolidated net loss of 1.6 million euros. By the nature of its business, annual income for Deutsche Beteiligungs AG is strongly linked to a few individual transactions, which are not disseminated regularly over the quarters of a financial year. Thus, earnings achieved in one quarter do not permit drawing conclusions on the prospective trend for the remaining quarters of a financial year.

CHANGES TO THE PORTFOLIO: EDSCHA SOLD

In November 2002, we sold our interests in Edscha AG to a financial investor. The purchase price was 26 euros per share. This represents substantial value growth and an annual return of more than 25 percent. Edscha has exhibited very satisfactory progress since we entered this investment in September 2000. Over this period, Edscha has fundamentally enhanced its strategic positioning. Moreover, sales, market shares and earnings have grown faster than the market – the driving factors for this investment's profitable realization.

From November 1, 2002 to January 31, 2003, we provided a total of 5.6 million euros for capital increases. There were no new additions to the portfolio. At January 31, 2003, the portfolio (at acquisition cost) of Deutsche Beteiligungs AG and its consolidated subsidiaries amounted to 305 million euros (499 million euros, including parallel funds), invested in 48 companies (57 including parallel funds).

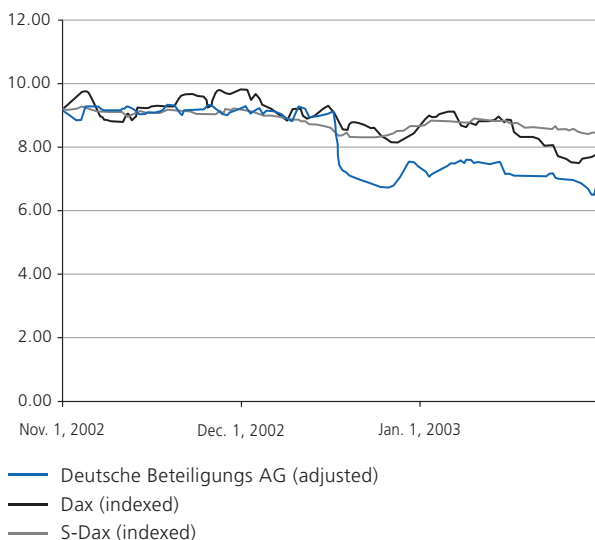
PORTFOLIO DEVELOPMENT AT JANUARY 31, 2003

	Total portfolio in millions of €	Number
November 1, 2002	313	49
Investments	6	
Disposals/repayments	14	1
January 31, 2003	305	48

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SHARES REMAIN INDEXED IN S-DAX

Share price in €



At comparatively high turnover levels, the beginning of this financial year saw a further decline in the price of the shares of Deutsche Beteiligungs AG. The performance of the Company's stock was below that of the Dax and S-Dax indices. We attribute this to persisting general restraint in the capital market for financials.

Following the launch of the German Stock Exchange's new segmentation and the associated changes in indices, the shares of Deutsche Beteiligung will remain indexed in the S-Dax. The S-Dax is the index that follows the M-Dax, which is now composed of 50 stocks (formerly 70 stocks). We regard the inclusion in an index as an important advantage in addressing investors: through the new segmentation, the total market capitalization of all companies indexed in the S-Dax is now double the former capitalization. We believe that this will draw institutional investors' attention more strongly to this index and the stocks it is composed of.

Deutsche Beteiligung has been admitted to the Prime Standard; our membership in the Smax ceased on December 31, 2002. Currently, we are making use of transitional arrangements as provided by the stock exchange rules and regulations and are continuing to base our accounting on the principles stipulated by the German Commercial Code. A transition to internationally accepted accounting standards (International Accounting Standards, IAS) does not seem feasible as long as the special accounting guidelines of the International Financial Reporting Standards (IFRS) for private equity companies have not been adopted.

However, the material insights that would be created by IFRS-formatted accounting – the current market value of the portfolio – are provided by the disclosure of the fair value.

The fair value mirrors the valuation reserves in the portfolio. This unrealized appreciation represents the net current value of our investments, which may be higher or possibly also lower than the book amount carried on the accounts in conformity with the German Commercial Code. The fair value reflects the performance of our portfolio since we entered the investments. From now on, this indicator will be reported biannually and, following the transition of our accounting to international standards, on a quarterly basis.

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The fair value is determined on the basis of the valuation rules of the IAS. Toward that end, we have developed valuation principles collaboratively with our auditors.

These principles govern the method by which the fair value is determined – depending on whether a company is quoted or not, whether there is a liquid or illiquid market for that company's shares, whether it has been in the portfolio for only a few months or for a longer period of time. If no stock market price is available to serve as a valuation base, the valuation is determined – as is customary in our business – by reference to

- purchase offers,
- comparable recent transactions in the market,
- a multiples method based on earnings data and peer group comparisons, or
- a "sum of the parts" assessment, meaning the sum of the value of individual parts of an investment.

Silent equity holdings are valued at acquisition cost (or, if applicable, their lower market value); the same applies to loans granted by Deutsche Beteiligung to its portfolio companies.

Data based on key figures of investee companies is one constituent in determining the fair value. Another determinant for the fair value is the situation on capital markets.

Approximately one-sixth of the fair value of our investment portfolio is directly linked to the share price trend for the relevant companies. A decline in prices would lead to a decline in the unrealized appreciation, even without our holdings necessarily experiencing a deterioration in their earnings position – frequently a decisive factor in successfully realizing investments.

VALUATION RESERVES IN THE PORTFOLIO

At the beginning of this financial year, the fair value determined for our shares was 12.95 euros; this value is composed of the book value, in adherence to the German Commercial Code, and the unrealized appreciation. The book value in conformity with the German Commercial Code, which is based on the lower of cost or market, amounted to 11.08 euros at the same date. The relative dissemination of the unrealized appreciation according to business fields (management buyouts, expansion financings and funds) corresponds approximately to their shares of the portfolio; the same applies to the apportionment of the valuation reserve to industrial sectors and geographic regions.

Disclosing the fair value of our stock will provide shareholders and other interested parties with an internationally comparable basis on which to assess Deutsche Beteiligungs AG.

OUTLOOK

There are attractive investment opportunities available in the market: the wave of corporate restructuring in Germany is undiminished – the source of most management buyouts. Our strong network of contacts warrants access to potential transactions.

At this point, it is not possible to predict the earnings situation for the complete financial year. Opportunities to sell investments remain limited. The stock exchange is not available as an exit channel, and strategic investors are exercising restraint in the momentary economic situation. Presently, the buyer side of the market almost exclusively consists of financial investors.

March 2003

The Board of Management

I CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM NOVEMBER 1, 2002 TO JANUARY 31, 2003

	Nov. 1, 2002 to Jan. 31, 2003 T €	Nov. 1, 2001 to Jan. 31, 2002 T €
Income from investments	1,500	2,056
Gains from investment disposals	7,056	0
Losses from investment disposals	97	0
Other operating income	1,147	1,239
Personnel costs	1,850	1,552
Depreciation on fixed assets	55	39
Other operating expenses	3,243	2,076
Net interest	-1,033	-1,219
Result of ordinary activity	3,425	-1,591
Taxes	-10	1
Net income (previous year: net loss)	3,435	-1,592
Loss carried forward (prior year: profit carried forward) from previous fiscal year	-5,463	17,372
Consolidated loss (previous year: consolidated profit)	-2,028	15,780
Earnings per share	0.25 €	-0.11 €
	Jan. 31, 2003	Jan. 31, 2002
Number of shares	14 million	14 million
Employees	52	52
thereof active	49	47

Consolidated earnings for the first quarter of the 2002/2003 financial year rose significantly compared with the same period the previous year through the achievement of a capital gain of 6.9 million euros from the disposal of the Company's interests in Edscha.

T € = thousands of €

I CONSOLIDATED BALANCE SHEET AT JANUARY 31, 2003

ASSETS

	Jan. 31, 2003 T €	Jan. 31, 2002 T €
Intangible assets/ Fixed assets	820	810
Investments	262,010	269,707
Long-term assets	262,830	270,517
Receivables	9,168	8,835
Other assets/ securities/prepayments	19,784	27,115
Cash and cash equivalents	8,018	303
Current assets	36,970	36,253
	299,800	306,770
Trustee claims	12,090	12,090

LIABILITIES AND SHAREHOLDERS' EQUITY

	Jan. 31, 2003 T €	Jan. 31, 2002 T €
Subscribed capital	36,400	36,400
Capital reserve	102,194	102,194
Retained earnings	21,961	21,961
Consolidated loss	-2,028	-5,463
Minority interests	331	331
Total shareholders' equity	158,858	155,423
Provisions	16,958	16,832
Liabilities to banks	83,459	97,490
Other liabilities/deferred income	40,525	37,025
Liabilities	123,984	134,515
	299,800	306,770
Trustee liabilities	12,090	12,090

T € = thousands of €

I CONSOLIDATED CASH FLOW STATEMENT

Increase (+) / decrease (-)	Nov. 1, 2002 to Jan. 31, 2003 T €	Nov. 1, 2001 to Jan. 31, 2002 T €
Net income/loss	3,435	-1,592
Depreciation on fixed assets	55	39
Cash flows from income	3,490	-1,553
Increase (-) / decrease (+) in accounts receivable	-333	2,352
Increase (-) / decrease (+) in other assets/securities/ pre-paid expenses	7,331	-2,222
Increase (+) / decrease (-) in provisions	126	-753
Increase (+) / decrease (-) in non-bank liabilities/deferred income	3,500	-6,165
Cash flows from operating activities	14,114	-8,341
Investments	-5,743	-10,018
Investment disposals	13,440	102
Capital expenditure on fixed assets/ intangible assets (net)	-65	-31
Net investment (-) / Net disinvestment (+)	7,632	-9,947
Net increase (+) / decrease (-) in cash and cash equivalents	21,746	-18,288
Increase (-) / decrease (+) in borrowings	14,031	-13,851
Increase (+) / decrease (-) cash in banks	7,715	-4,437

T € = thousands of €



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