



Deutsche
Beteiligungs AG

INTERIM REPORT
AT APRIL 30, 2003



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Cover photo:

The Westhafen Tower, a sensational new high-rise in Frankfurt, is built on foundations constructed by Bauer AG. Bauer, the global leader in special deep-foundation construction and in machinery and equipment used by the special deep-foundation industry, is Deutsche Beteiligung's largest investment. Bauer experienced both sales and earnings growth last year.

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REPORT ON THE FIRST SIX MONTHS OF THE 2002/2003 FINANCIAL YEAR

SLIGHTLY POSITIVE RESULT AFTER FIRST SIX MONTHS OF THE FINANCIAL YEAR

Deutsche Beteiligungs AG registered slightly positive earnings for the first half of the 2002/2003 financial year: consolidated net income at April 30 amounted to 0.1 million euros. First-quarter earnings had totaled 3.4 million euros. At the end of the first six months of the previous 2001/2002 financial year, Deutsche Beteiligungs AG had recorded a consolidated net loss of 1.8 million euros. The interim accounts at April 30 include modifications to the valuation of investments totaling 3.0 million euros, performed on two fund investments and one investee company.

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In the first months of the current year, the unsatisfactory economic trend has impacted the business of several of our portfolio companies. This holds particularly true for our investments in the United States. Restraint in capital spending and consumption has subdued order intake to some extent: the war in Iraq, the SARS outbreak, and fears of a deflationary trend have negatively affected the business environment, as has the distinct weakness of the US dollar. Despite these adverse conditions, the value of our portfolio, determined by the rules of the International Accounting Standards, has remained comparatively stable: The fair value of our stock, which is composed of the book value of the equity determined in conformity with the German Commercial Code and unrealized appreciation, saw a decline of 12.0 percent to 11.39 euros per share in the first six months of the current financial year. This, however, is still significantly above current market prices for the stock of Deutsche

Beteiligungs AG. (As announced, the fair value will be reported on a biannual basis as long as the accounting of Deutsche Beteiligungs AG has not been adapted to the IAS format; consequently, data on the second-quarter development is not available.)

WRITE-DOWNS DEPRESS QUARTERLY RESULT

Deutsche Beteiligungs AG recorded a consolidated net loss of 3.3 million euros for the second quarter of the current financial year. Net income of 3.4 million euros reported at January 31, 2003 has thus decreased to 0.1 million euros at April 30.

The key reason for this quarter's loss were the write-downs on one holding and two fund investments mentioned previously. Income from investments and other operating income, such as fund management fees, were sufficient to cover operating expenses and finance costs.

The decrease in income from investments in comparison with the first six months of last year (3.9 million euros at April 30, 2003 against 6.2 million euros at April 30, 2002) is largely due to two special effects. The previous year's amount contained income from a holding that was sold during the year, and it also included a structuring fee for a successfully completed acquisition.

Other operating income rose by nearly 1.4 million euros against the previous year (4.0 million euros, after 2.6 million euros). The rise results from fees for management services to the new DBAG Fund IV co-investment fund credited to income for the first time during the second quarter of the current financial year.

Net interest improved, both in comparison with the two quarters as well as with the previous year. The positive effect stems from reduced liabilities.

FUND RAISING SUCCESSFUL DESPITE CAPITAL MARKET WEAKNESS

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Uncertainty about the future development of the economy is still limiting the M&A business in Germany. Enterprises are momentarily exercising restraint in acquisition issues. In the past, buyers of our holdings frequently came from the ranks of strategic investors. Since exits via the stock exchange have hardly been possible for the last two years either, financial investors almost exclusively remain as potential transaction partners. Data published by the Bundesverband deutscher Kapitalbeteiligungsgesellschaften/German Venture Capital Association (BVK) mirrors this situation. The exit volume generated by the Association's private-equity member companies in the first quarter of this year was less than half of that for the first quarter of 2002.

This sustained difficult situation has now also led to restraint among institutional investors: the influx of funds for private equity investments is clearly less than it was two years ago. There was, de facto, an absence of fund raising, the BVK stated, when presenting the first three-months' statistics for the current year.

Against this backdrop, the second closing for Deutsche Beteiligung's new co-investment fund, DBAG Fund IV, may certainly be valued as a special achievement and token of confidence. Subsequent to the current reporting period, further investors joined the fund's group of partners. To date, the investors, which include national and international banks and insurance companies, fund-of-funds investors and family asset managements, have committed a total of 180 million euros. We feel confident of reaching the target for this largest equity fund raising in the history of Deutsche Beteiligungs AG by autumn of this year.

CHANGES TO THE PORTFOLIO: ZAPF CAPITAL BASE STRENGTHENED, COMPUTEC MEDIA SOLD

The second quarter saw an increase in our investment in Zapf GmbH of 2.5 million euros in conjunction with the restructuring of the company's financing. Zapf operates as a systems provider primarily in housing construction. This company is a leader in Germany focusing on the construction of single-family town houses and semi-detached homes in conurbation areas. Zapf is also the market leader in pre-fabricated garages made of steel concrete; the company is known by architects for developments such as its design garage "Clou". Zapf exhibited resilience in a market burdened

by adverse conditions in recent years. Whereas two major competitors are no longer operating and a further competitor has retired from the market, Zapf was able to expand its market position.

In March 2003, we sold our interest in Computec Media AG. We entered this investment in November 2000 to enable the sale of Gong Verlag GmbH. Gong Verlag was formerly part of the Sebaldu group. Computec had belonged to the Gong portfolio, the buyer of which, however, did not wish to acquire Computec. The investment in Computec Media, a publisher of computer and video game magazines, should therefore not be regarded as an isolated transaction, but in context with the successful realization of Gong which, in turn, was part of the very profitable Sebaldu transaction. Since the Computec investment was carried at a lower value in our IAS valuation at October 31, 2002 than was achieved by the sale, we realized a small part of the valuation reserves by this transaction.

In April 2003, we sold our interest in Heylo Energietechnik GmbH to one of the partners. We had previously modified the valuation of this minority holding and have now sold the investment at book value.

PORTFOLIO DEVELOPMENT UP TO APRIL 30, 2003

	Total portfolio in millions of €	Number
November 1, 2002	313	49
Investments	6	
Disposals/repayments	14	1
January 31, 2003	305	48
Investments	4	
Disposals/repayments	8	2
April 30, 2003	301	46

In addition to the capital increase at Zapf, we provided another 1.9 million euros in the second quarter, largely for international investments. In total, we have invested 10.4 million euros since the beginning of the current financial year. At April 30, 2003, the portfolio (at acquisition cost) of Deutsche Beteiligungs AG and its consolidated subsidiaries amounted to 301 million euros (495 million euros, including co-investment funds), invested in 46 companies (55, including co-investment funds).

Subsequent to the close of the reporting period, we reached an agreement with Netherlands-based Akzo Nobel N.V. on the purchase of Akzo Nobel's product division Casco Impregnated Papers (Casco). Casco impregnates decorative papers and foils used by the furniture, laminate floorings and building supplies industries. With annual sales of 265 million euros (2002) and production capacity of more than 600 million square meters, Casco is the world's leading impregnator of decorative papers and foils. Deutsche Beteiligungs AG will be acquiring Casco jointly with its US private-equity partner Harvest Partners, the Casco management, and the new DBAG Fund IV co-investment fund. The purchase price is 114 million euros for the debt-free company. The closing for this transaction has been slated for late June.

WEAK DOLLAR CURTAILS VALUATION RESERVES IN PORTFOLIO

The fair value of our shares is significantly higher than their current stock market price. Although the valuation reserves in the portfolio and, consequently, the fair value of the shares of Deutsche Beteiligungs AG have declined in the first half of this financial year, the fair value is still considerably greater than current share-price levels. Our stock's upward potential should additionally be fueled by our fund-management business as well as Deutsche Beteiligung's long-standing excellent market position, which are not reflected in the fair value.

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Two key factors were decisive for the reduction in valuation reserves. In addition to repercussions from current economic setbacks particularly on our investments in the United States, the devaluation of the US dollar in relation to the euro has negatively affected the unrealized appreciation: a decline in value of the dollar results in a proportionate decline in the value of our US holdings and fund investments carried in US dollars.

In February, for the first time, we disclosed the fair value of our portfolio as per the beginning of the financial year. To that end, we had determined the current market value of the investments in the portfolio. 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 is determined by valuation principles that are based on the rules of the International Accounting Standards (IAS) and approved by our auditors. We apply different methods to determine the fair value – depending on the type of investment:

- stock market prices for listed companies, using markdowns in individual cases,
- 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 Beteiligungs AG to its portfolio companies, and to new investments for the first year after acquisition.

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 exiting investments.

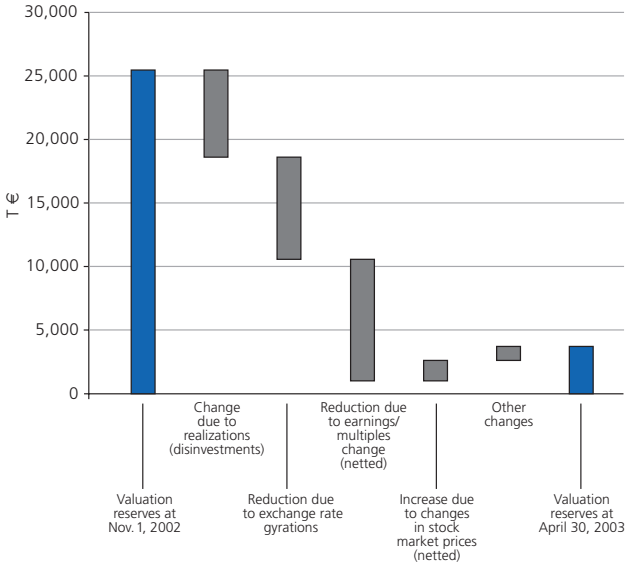
At the beginning of this financial year, the portfolio of Deutsche Beteiligungs AG contained valuation reserves of 26.1 million euros. This unrealized appreciation has declined by 22.2 million euros to 3.9 million euros as per April 30, 2003. This change was caused by a number of different, partly netted, effects.

Approximately seven million euros of these valuation reserves were realized by the sale of investments in Edscha AG and Computec Media AG and have now been taken to the Company's equity.

There were increases in the unrealized appreciation of 15 investments in the first half of the current financial year. The rise was partially due to uptrends in stock market prices for the companies concerned; for other companies, improved earnings led to higher valuations. Non-exchange-rate-linked decreases were determined for the valuation of 14 investments, in three of these due to lower stock market prices. The improvements approximately offset the reductions for our German holdings, whereas – independent of exchange-rate effects – the net changes in value for our American investments were negative. Net changes in stock market prices led to an improvement in the valuation reserve of 1.6 million euros; changes in the valuation of investments determined by the multiples method amounted to a reduction of 9.8 million euros. Other effects have resulted in an improvement of 1.2 million euros.

Some 8.2 million, or 0.59 euros per share, of the decline in the valuation reserves is attributable to exchange rate changes of the US dollar against the euro, which dropped by 12.8 percent from November 1, 2002 to April 30, 2003. The value of the Company's US holdings and fund investments as well as several other fund investments carried in US dollars diminished by this amount, without these companies or funds necessarily exhibiting a change in their earnings position or share price. Approximately 30 percent of our portfolio, valued according to IAS rules, are linked to exchange rate gyrations of the US dollar. A further devaluation of the US currency by 10 percent would, for instance, reduce the fair value of our portfolio by three percent, or some nine million euros.

Changes in valuation reserves



At April 30, 2003, the unrealized appreciation amounted to 0.28 euros per share (November 1, 2002: 1.87 euros). Adding the equity per share of 11.11 euros (November 1, 2002: 11.08 euros) determined in conformity with the German Commercial Code, the fair value of our stock amounts to 11.39 euros (November 1, 2002: 12.95 euros) per share.

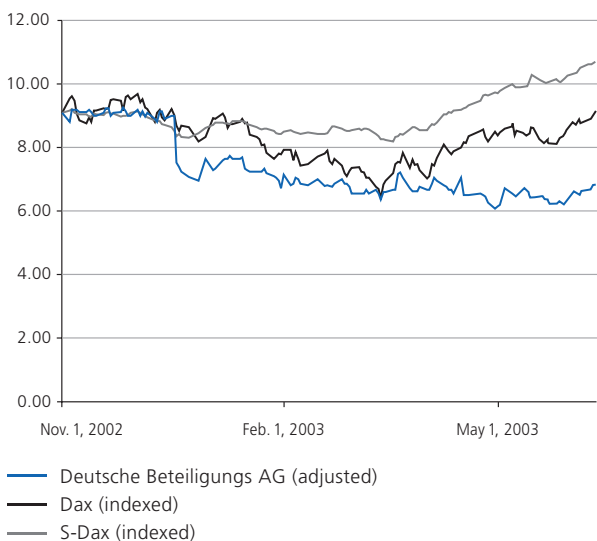
LIQUIDITY OF SHARES RISES, WHILE SHARE PRICE DECLINES

The price movement of the shares of Deutsche Beteiligungs AG remained dissatisfactory in the second quarter. Over the reporting period, the share price saw a decline of 13.7 percent. Since the beginning of this financial year, the Company's shares lost almost one-third (32.6 percent) of their value. Over the same period, the S-Dax performance index, which includes the shares of Deutsche Beteiligungs AG, improved by 7.8 percent. Our stock also underperformed the Dax (minus 7.0 percent since November 1, 2002).

In light of the development of our business and the performance of the portfolio, we consider the negative share price trend exaggerated: the decline in the fair value of the Company's shares since the beginning of this financial year amounts to 12 percent. The price of the Company's stock (6.29 euros on April 30, 2003) is 44.7 percent below its fair value; the markdown on the book value of the equity in conformity with the German Commercial Code amounts to 43.4 percent.

Our stock's improved liquidity is, in our view, a positive development. Monthly stock market turnover measured over a rolling 12-month period has been on a continuous rise since last summer; the turnover in April amounted to some 113,000 shares. Adequate liquidity is an important investment criterion for many institutional investors.

Share price in €



At the Annual Meeting on March 27, 2003, shareholders passed three amendments to the Articles of Association in response to legal changes: in future, the Company's announcements may be published in the electronic Federal Official Gazette; the Annual Meeting may be broadcast by video and audio – for example, on the Internet; and, finally, the Articles of Association now permit disbursing dividends in kind. Additionally, shareholders renewed the Board of Management's authorization to repurchase the Company's own shares.

OUTLOOK: NO EARNINGS FORECAST – GOOD PROSPECTS FOR INVESTMENTS

Success in private equity is generally linked to a few individual transactions, which can neither be planned, nor are they disseminated over regular intervals. We are currently working on exits for several smaller investments. However, it is difficult to judge when precisely these transactions will be completed. Consequently, it is not yet possible to forecast the earnings situation for the current financial year.

The development of the valuation reserves in the portfolio that determine the fair value of our stock is subject to a number of influential factors. In addition to the state of the capital market, which affects valuations through stock market prices, repercussions also come from economic trends and exchange rate gyrations. Since the end of the second quarter, the US dollar has again weakened in relation to the euro. Currently (June 11, 2003), the dollar is rated some five percent less than at the close of the reporting period. This devaluation translates into a reduction in the valuation reserves of approximately four million euros.

Our investment prospects remain favorable: pursuant to signing the purchase contract for Casco Impregnated Papers, we are currently working on further promising investment opportunities.

I CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM NOVEMBER 1, 2002 TO APRIL 30, 2003

	Nov. 1, 2002 to April 30, 2003 T €	Nov. 1, 2001 to April 30, 2002 T €
Income from investments	3,909	6,244
Gains from investment disposals	7,053	60
Losses from investment disposals	951	314
Write-downs on investments and on marketable securities	3,049	128
Other operating income	3,984	2,640
Personnel costs	3,645	3,335
Depreciation on fixed assets	109	78
Other operating expenses	5,130	4,430
Net interest	-1,815	-2,413
Result of ordinary activity	247	-1,754
Taxes	139	63
Net income (previous year: net loss)	108	-1,817
Loss (prior year: profit) carried forward from previous year	-5,463	10,372
Consolidated loss (previous year: consolidated profit)	-5,355	8,555
Earnings per share	€ 0.01	€ -0.13
	April 30, 2003	Oct. 31, 2002
Number of shares	14 million	14 million
Employees (closing date)	52	52
Thereof active	49	48

T € = thousands of €

I CONSOLIDATED PROFIT AND LOSS ACCOUNT
 FOR THE 2ND QUARTER OF FINANCIAL YEAR 2002/2003
 (FEBRUARY 1 – APRIL 30, 2003)

	2 nd Quarter 2002/2003 T €	2 nd Quarter 2001/2002 T €
Income from investments	2,409	4,188
Gains from investment disposals	-3	60
Losses from investment disposals	854	314
Write-downs on investments and on marketable securities	3,049	128
Other operating income	2,837	1,401
Personnel costs	1,795	1,783
Depreciation on fixed assets	54	39
Other operating expenses	1,887	2,354
Net interest	-782	-1.194
Result of ordinary activity	-3,178	-163
Taxes	149	62
Quarterly result	-3,327	-225
Earnings per share	€ -0.24	€ -0.02
	April 30, 2003	Jan. 31, 2003
Number of shares	14 million	14 million
Employees (closing date)	52	52
Thereof active	49	49

T € = thousands of €

I CONSOLIDATED BALANCE SHEET AT APRIL 30, 2003

ASSETS

	April 30, 2003 T €	Oct. 31, 2002 T €
Intangible assets/ Fixed assets	830	810
Investments	257,350	269,707
Long-term assets	258,180	270,517
Receivables	10,429	8,835
Other assets/ securities/prepayments	18,209	27,115
Cash and cash equivalents	3,633	303
Current assets	32,271	36,253
	290,451	306,770
Trustee claims	12,090	12,090

LIABILITIES AND SHAREHOLDERS' EQUITY

	April 30, 2003 T €	Oct. 31, 2002 T €
Subscribed capital	36,400	36,400
Capital reserve	102,194	102,194
Retained earnings	21,961	21,961
Consolidated loss	-5,355	-5,463
Minority interests	331	331
Total shareholders' equity	155,531	155,423
Provisions	16,454	16,832
Liabilities to banks	77,889	97,490
Other liabilities/deferred income	40,577	37,025
Liabilities	118,466	134,515
	290,451	306,770
Trustee liabilities	12,090	12,090

T € = thousands of €

I CONSOLIDATED CASH FLOW STATEMENT

Increase (+) / decrease (-)	Nov. 1, 2002 to April 30, 2003 T €	Nov. 1, 2001 to April 30, 2002 T €
Net income/loss	108	-1,817
Write-downs on investments	3,049	128
Depreciation on fixed assets	109	78
Cash flows from income	3,266	-1,611
Increase (-) / decrease (+) in accounts receivable	-1,594	-757
Increase (-) / decrease (+) in other assets/securities/ pre-payments	8,906	-4,748
Increase (+) / decrease (-) in provisions	-378	-1,809
Increase (+) / decrease (-) in non-bank liabilities/deferred income	3,552	-6,234
Cash flows from operating activities	13,752	-15,159
Investments	-9,475	-17,479
Investment disposals	18,783	665
Capital expenditure on fixed assets/ intangible assets (net)	-129	-67
Net investment (-) / Net disinvestment (+)	9,179	-16,881
Dividends paid for prior year	0	-7,000
Net increase (+) / decrease (-) in cash and cash equivalents	22,931	-39,040
Increase (-) / decrease (+) in borrowings	19,601	-34,001
Increase (+) / decrease (-) cash in banks	3,330	-5,039

T € = thousands of €

ANNEX

Members of the Supervisory Board hold no shares of Deutsche Beteiligungs AG. Torsten Grede and Helmut Irle, members of the Board of Management, each hold 242 of the Company's shares.

Stock options in conjunction with the stock option program were granted to members of the Board of Management. So far, the following options have been granted:

Date of grant	Number of stock options granted	Reference price in €	Value of reference index S-Dax
April 11, 2001	70,000	31.39 €	2,926.74
April 16, 2002	70,000	20.27 €	2,456.50
April 11, 2003	70,000	6.70 €	1,750.17
Total at April 30, 2003	210,000		

Stock options have also been granted to a selected group of employees under the same terms; 70,000 options have been granted annually since 2001.

One stock option represents an entitlement for the purchase of one share of Deutsche Beteiligungs AG. The options are exercisable not earlier than three years after the date of grant and expire after a maximum of five years.

The options only prove advantageous to the holder, if the shares of Deutsche Beteiligungs AG (including dividend payments) have performed better than the S-Dax index up to the time the option is exercised. This is currently (June 11, 2003) not the case for any of the three tranches.

The accounting method has remained the same as for the 2001/2002 financial statements.

The shareholders at the Annual Meeting elected Walter Schmidt, Kaarst, and Dr. Fritz Lehnen, Ratingen, to the Supervisory Board. The elections were required after Prof. Dr. Jürgen Warnecke and Stefan Volk had resigned from their offices, effective concomitantly with the close of the Annual Meeting on March 27, 2003.

No dividends were disbursed during the reporting period.



Deutsche Beteiligungs AG
Kleine Wiesenau 1
D-60323 Frankfurt am Main
Telephone: +49 (69) 9 57 87-01
Telefax: +49 (69) 9 57 87-199
www.deutsche-beteiligung.de
ISIN DE 0005508105

Registered office: Frankfurt am Main
Incorporated in the Commercial Register
at the District Court in Frankfurt am Main
HRB No. B 52 491

For more information contact
Thomas Franke
Investor Relations
IR@deutsche-beteiligung.de
Telephone: +49 (69) 9 57 87-307

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