

SUMMARY OF GENERAL INFORMATION

THE FUND

The Germany Fund, Inc. is a non-diversified, actively-managed Exchange-Traded Closed-End Fund listed on the New York Stock Exchange with the symbol “GER”. The Fund seeks long-term capital appreciation primarily through investment in German equities. It is managed and advised by wholly-owned subsidiaries of the Deutsche Bank Group.

SHAREHOLDER INFORMATION

Prices for the Fund’s shares are published daily in the New York Stock Exchange Composite Transactions section of newspapers. Net asset value and market price information are published each Monday in *The Wall Street Journal* and *The New York Times*, and each Saturday in *Barron’s* and other newspapers in a table called “Closed End Funds”. Daily information on the Fund’s net asset value is available from NASDAQ (symbol XGERX). It is also available by calling: 1-800-GERMANY (in the U.S.) or 617-443-6918 (outside of the U.S.). In addition, a schedule of the Fund’s largest holdings, dividend data and general shareholder information may be obtained by calling these numbers.

The foregoing information is also available on our Web site: www.germanyfund.com.



The Germany Fund, Inc.

Quarterly Report

March 31, 2003

There are three Exchange-Traded Closed-End Funds investing in European equities managed by wholly-owned subsidiaries of the Deutsche Bank Group:

- Germany Fund—investing primarily in equities of major German corporations. It may also invest up to 20% in equities of other Western European companies (with no more than 15% in any single country).
- New Germany Fund—investing primarily in the middle-market German companies and up to 20% elsewhere in Western Europe (with no more than 10% in any single country).
- Central European Equity Fund—investing primarily in Central and Eastern European companies as well as in Russia.

Please consult your broker for advice on any of the above or call 1-800-GERMANY (in the U.S.) or 617-443-6918 (outside of the U.S.) for shareholder reports.



The Germany Fund, Inc.

LETTER TO THE SHAREHOLDERS

May 1, 2003

Dear Shareholder,

Until mid-March, fears of war, high oil prices, weak consumer confidence and continued earnings downgrades presented a powerful drag for global equity markets. With the conflict in Iraq winding down, and oil prices off their highs, economies should be able to recover. However, we do not expect a strong bounce back, but rather a gradual recovery as households and firms continue to repair stretched balance sheets. To offset the current slowdown, monetary policy will have to remain accommodative. This is especially true in Germany, where inflation in April fell to 1.1%.

There have been tentative signs of economic improvement, and given the market's depressed view of Germany's economic prospects, there is a somewhat better chance of a positive surprise. Many German companies are close to completing their cuts in employment and investment, and there are indications of an industrial recovery. German factory orders were stronger than expected during the first quarter due to an increase in exports. In addition, German investor confidence rose in April for the fourth straight month. The index measures expectations of future economic growth and appears to indicate an economic recovery later this year.

For the quarter ended March 31, 2003, the net asset value per share of the Germany Fund declined 15.6% while the Fund's benchmark, the DAX Index, declined 12.8% in US dollar terms. The Fund's share price declined 12.2%. Due to overweight positions in Deutsche Telekom, Bayer, Munich Re and Allianz, the Fund underperformed its benchmark. Deutsche Telekom's economic fundamen-

tals have been improving, but the issuance of a mandatory convertible bond was not received well by the market, and the stock price declined almost 18% during the quarter. Bayer fell 39% due to fears of significant liability costs from its Baycol cholesterol drug which was withdrawn from the market. The stock price rebounded sharply when a Texas court unexpectedly decided in Bayer's favor. Allianz and Munich Re both performed poorly as the market feared the companies needed large capital increases. Allianz did announce a rights issue at the end of March which was initially taken negatively by the market. Munich Re announced a week later that there would only be a subordinated bond issue. Since then, both stocks have rallied strongly as the rights issue for Allianz was quite successful.

For the month of April, Germany was by far the best performing market in Europe, rising 21.4% in local terms, almost twice as much as the average for Europe as a whole and erasing all losses of the first quarter. During the same period, the S&P 500 rose 7.5%. For the month of April, the Germany Fund's net asset value rose 26.0% and its share price rose 26.5%. The Fund's benchmark, the DAX Index, rose 24.3% in US dollar terms.

Sincerely,

Christian Strenger
Chairman

Richard T. Hale
President

For additional information about the Fund including performance, dividends, presentations, press releases, daily NAV and shareholder reports, please visit www.germanyfund.com

FUND HISTORY AS OF MARCH 31, 2003

STATISTICS:

Net Assets	\$71,066,748
Shares Outstanding	16,046,881
NAV Per Share	\$4.43

DIVIDEND AND CAPITAL GAIN DISTRIBUTIONS:

<u>Record Date</u>	<u>Ordinary Income</u>	<u>LT Capital Gains</u>	<u>Total</u>
11/19/02	\$0.01	\$ —	\$0.01
11/19/01	\$0.06	\$ —	\$0.06
9/3/01	—	\$0.02	\$0.02
11/20/00	—	\$2.18	\$2.18
9/1/00	\$0.19	\$0.12	\$0.31
11/19/99	\$0.29	\$0.90	\$1.19
9/1/99	—	\$0.56	\$0.56
11/16/98	\$1.47	\$1.75	\$3.22
9/1/98	\$0.17	\$0.45	\$0.62

TOTAL RETURNS:

	<u>For the three months ended March 31, 2003</u>	<u>For the years ended December 31,</u>				
		<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Net Asset Value	(15.62)%	(34.43)%	(25.57)%	(20.66)%	18.08%	22.66%
Market Value	(12.17)%	(35.76)%	(24.95)%	(21.09)%	23.83%	23.45%
DAX	(12.75)%	(34.14)%	(23.20)%	(14.67)%	19.98%	26.38%

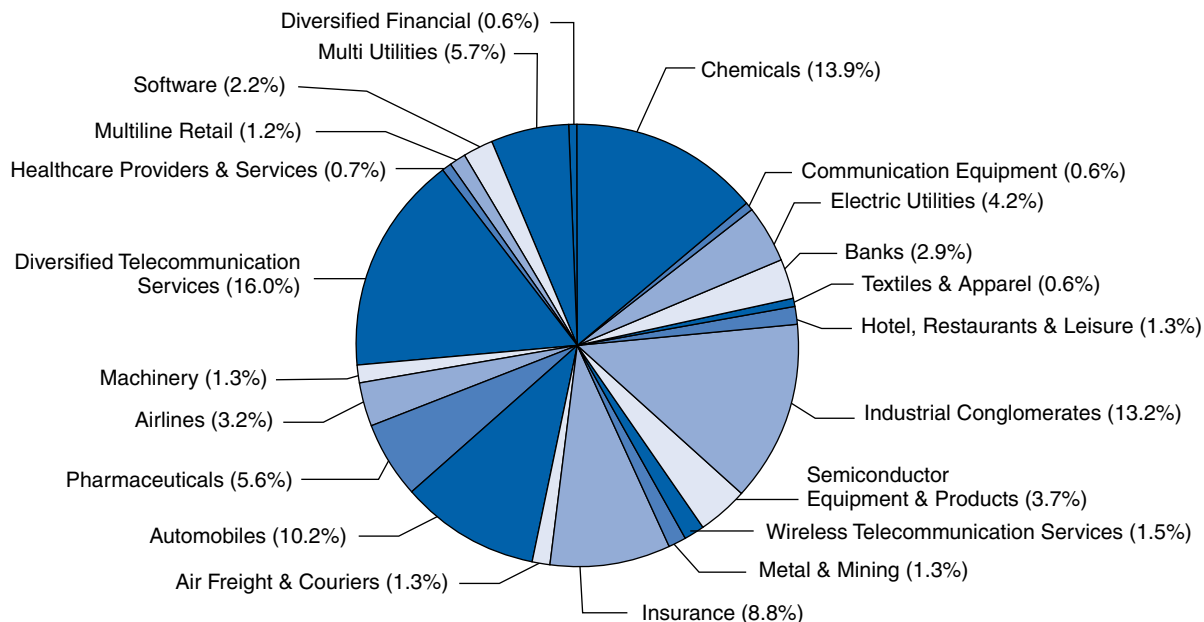
OTHER INFORMATION:

NYSE Ticker Symbol	GER
NASDAQ Symbol	XGERX
Dividend Reinvestment Plan	Yes
Voluntary Cash Purchase Program	Yes
Annual Expense Ratio	1.63%

Fund performance is historical, assumes reinvestment of all dividends and capital gains, and is not indicative of future results.

Investments in funds involve risk. Some funds have more risk than others. These include funds that allow exposure to or otherwise concentrate investments in certain sectors, geographic regions, security types, market capitalization or foreign securities (e.g., political or economic instability, which can be accentuated in emerging market countries).

PORTFOLIO BY MARKET SECTOR AS OF MARCH 31, 2003 (as % of Portfolio)



10 LARGEST EQUITY HOLDINGS AS OF MARCH 31, 2003

	<u>% of Portfolio</u>		<u>% of Portfolio</u>
1. Deutsche Telekom	16.0	6. BASF	5.4
2. Siemens	13.1	7. RWE	4.2
3. Bayer	8.5	8. Bayerische Motoren Werke	4.0
4. Münchener Rückversicherungs	6.3	9. Infineon Technologies	3.7
5. E.ON	5.7	10. Schering	3.5

THE GERMANY FUND, INC.
SCHEDULE OF INVESTMENTS
MARCH 31, 2003 (unaudited)

<u>Shares</u>	<u>Description</u>	<u>Value</u>	<u>Shares</u>	<u>Description</u>	<u>Value</u>
INVESTMENTS IN GERMAN COMMON STOCKS—90.9%			MULTI UTILITIES—5.5%		
	AIR FREIGHT & COURIERS—1.3%		95,000	E.ON	\$ 3,912,119
90,000	Deutsche Post	\$ 891,729		MULTILINE RETAIL—1.2%	
	AIRLINES—3.1%		40,000	Metro	842,352
250,000	Deutsche Lufthansa*	2,218,150		PHARMACEUTICALS—5.4%	
	AUTOMOBILES—9.9%		30,000	Altana	1,406,100
100,000	Bayerische Motoren Werke	2,772,960	60,000	Schering	2,436,150
80,000	DaimlerChrysler	2,336,088			3,842,250
60,000	Volkswagen	1,909,680		SEMICONDUCTOR EQUIPMENT & PRODUCTS—3.6%	
		7,018,728	380,000	Infineon Technologies*	2,572,182
	BANKS—1.1%			SOFTWARE—2.1%	
120,000	Commerzbank	810,960	20,000	SAP	1,514,010
	CHEMICALS—13.5%			TEXTILES & APPAREL—0.6%	
100,000	BASF	3,717,990	5,000	Adidas Salomon	440,360
430,000	Bayer	5,854,063		Total Investments in German Common Stocks (cost \$71,148,170)	64,617,053
		9,572,053			
	DIVERSIFIED FINANCIAL—0.6%		INVESTMENT IN DUTCH COMMON STOCK—1.2%		
10,000	Deutsche Boerse	385,097		INSURANCE—1.2%	
	DIVERSIFIED TELECOMMUNICATION SERVICES—15.5%		70,000	ING Groep (cost \$889,951)	808,017
1,000,000	Deutsche Telekom	11,019,900			
	ELECTRIC UTILITIES—4.1%		INVESTMENTS IN FRENCH COMMON STOCKS—3.0%		
130,000	RWE	2,904,850		BANKS—1.7%	
	HEALTHCARE PROVIDERS & SERVICES—0.7%		30,000	BNP Paribas	1,200,090
10,000	Fresenius Medical Care	505,433		INSURANCE—1.3%	
	HOTEL, RESTAURANTS & LEISURE—1.3%		80,000	Axa	943,504
100,000	TUI	952,660		Total Investments in French Common Stocks (cost \$2,286,980)	2,143,594
	INDUSTRIAL CONGLOMERATES—12.8%				
220,000	Siemens	9,064,440	INVESTMENT IN FINNISH COMMON STOCK—0.6%		
	INSURANCE—6.1%			COMMUNICATIONS EQUIPMENT—0.6%	
76,000	Münchener Rückversicherungs ...	4,349,100	30,000	Nokia (A shares) (cost \$453,410)	422,484
	MACHINERY—1.3%				
60,000	MAN	918,216			
	METAL & MINING—1.2%				
110,000	Thyssen Krupp	882,464			

*Non-income producing security.

THE GERMANY FUND, INC.
SCHEDULE OF INVESTMENTS
MARCH 31, 2003 (unaudited) (continued)

<u>Shares</u>	<u>Description</u>	<u>Value</u>
INVESTMENT IN UNITED KINGDOM COMMON STOCK—1.5%		
WIRELESS TELECOMMUNICATION SERVICES—1.5%		
600,000	Vodafone Group (cost \$1,138,993)	\$ <u>1,069,952</u>
	Total Investments—97.2% (cost \$75,917,504)	69,061,100
	Cash and other assets in excess of liabilities—2.8%	<u>2,005,648</u>
	NET ASSETS—100.0%	<u>\$ 71,066,748</u>
	NUMBER OF SHARES OUTSTANDING	<u>16,046,881</u>
	NET ASSET VALUE PER SHARE	<u>\$4.43</u>

EXECUTIVE OFFICES

31 West 52nd Street, New York, NY 10019

(For latest net asset value, schedule of the Fund's largest holdings, dividend data and shareholder inquiries, please call 1-800-GERMANY in the U.S. or 617-443-6918 outside of the U.S.)

MANAGER

Deutsche Bank Securities Inc.

INVESTMENT ADVISER

Deutsche Asset Management International GmbH

CUSTODIAN AND TRANSFER AGENT

Investors Bank & Trust Company

LEGAL COUNSEL

Sullivan & Cromwell

DIRECTORS AND OFFICERS

CHRISTIAN STRENGER

Chairman and Director

DETLEF BIERBAUM

Director

JOHN A. BULT

Director

RICHARD R. BURT

Director

EDWARD C. SCHMULTS

Director

HANS G. STORR

Director

DR. JUERGEN F. STRUBE

Director

ROBERT H. WADSWORTH

Director

WERNER WALBROEL

Director

RICHARD T. HALE

President and Chief Executive Officer

HANSPETER ACKERMANN

Chief Investment Officer

ROBERT R. GAMBEE

Chief Operating Officer and Secretary

JOSEPH M. CHEUNG

Chief Financial Officer and Treasurer

HONORARY DIRECTOR

OTTO WOLFF von AMERONGEN

All investment management decisions are made by a committee of United States and German advisors.

**VOLUNTARY CASH PURCHASE PROGRAM
AND DIVIDEND REINVESTMENT PLAN**

The Fund offers stockholders a Voluntary Cash Purchase Program and Dividend Reinvestment Plan ("Plan") which provides for optional cash purchases and for the automatic reinvestment of dividends and distributions payable by the Fund in additional Fund shares. Plan participants may invest as little as \$100 in any month and may invest up to \$36,000 annually. Share purchases are combined to receive a beneficial brokerage fee. A brochure is available on the Fund's website or by writing or telephoning the plan agent:

Investors Bank & Trust Company
Shareholder Services
P.O. Box 9130
Boston, MA 02117
Tel. 1-800-437-6269

This report is transmitted to the shareholders of The Germany Fund, Inc. for their information. This is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report. The information contained in the letter to shareholders in this report is derived from carefully selected sources believed reasonable. We do not guarantee its accuracy or completeness, and nothing in this report shall be construed to be a representation of such guarantee. Any opinions expressed reflect the current judgment of the author, and do not necessarily reflect the opinion of Deutsche Bank AG or any of its subsidiaries and affiliates.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may purchase at market prices from time to time shares of its common stock in the open market.

Comparisons between changes in the Fund's net asset value per share and changes in the DAX index should be considered in light of the Fund's investment policy and objectives, the characteristics and quality of the Fund's investments, the size of the Fund and variations in the foreign currency/dollar exchange rate.



Copies of this report and other information are available at: www.germanyfund.com

Please note that the Fund is producing monthly newsletters which are e-mailed in Acrobat. If you would like to receive these please call our Shareholder Services Department:
1-800-GERMANY ext. 0
and a representative will take your request.