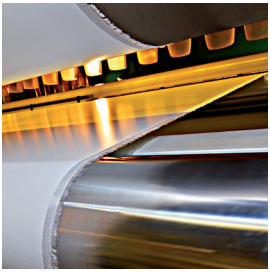
Deutsche Beteiligungs AG

Interim Report >

at 31 January 2013



AT A GLANCE

Deutsche Beteiligungs AG invests equity in mid-sized companies with a special focus on industrial business models in select sectors. Our specialisation and experience have made us a leading investment partner in the German-speaking world.

In an in-depth due-diligence process, we seek well-positioned companies with potential for further development. Our knowledge and skills in supporting portfolio companies add to their corporate progress. This approach has returned superior performance over many years – for our portfolio companies as well as for our shareholders and investors.

Financial highlights (IFRS) at a glance		**First quarter 2012/2013**	First quarter 2011/2012
New investment [1]	€mn	14.4	6.1
IFRS carrying amount of investments (31 January) [1]	€mn	122.7	102.4
Number of investments (31 January)		17	17
EBIT	€mn	7.4	6.4
Earnings before taxes (EBT)	€mn	7.8	7.1
Consolidated net income	€mn	7.5	6.9
Consolidated retained profit	€mn	78.3	44.2
Equity (31 January)	€mn	273.8	245.7
Cash flows from operating activities	€mn	8.9	(3.5)
Cash flows from portfolio investments	€mn	39.5	11.7
Cash flows from financing activities	€mn	0.0	0.0
Change in cash funds	€mn	48.4	8.1
Earnings per share [2]	€	0.55	0.50
Net asset value (equity) per share	€	20.02	17.96
Change in net asset value per share [3]	%	3.1	2.9
Employees (31 January)		57	50

[1] Without shelf companies and companies mainly attributable to third parties
[2] Relative to weighted number of shares outstanding in each period
[3] Change in net asset value per share relative to opening net asset value per share at beginning of period, less the sum proposed for dividend payment

Contents >

THREE NEW INVESTMENTS SINCE THE START OF THE FINANCIAL YEAR

Dear Shareholders,

Deutsche Beteiligungs AG (DBAG) started the new financial year with brisk investment activity: during the first quarter, we complemented the portfolio by adding Heytex Bramsche, a manufacturer of technical textiles, and Plant Systems & Services PSS. PSS is the holding company for a group of industrial services providers to the energy and process industries, and is operating in an area in which DBAG has completed a number of highly successful transactions in recent years. PSS is the first investment we have entered into together with the DBAG Expansion Capital Fund, which is dedicated to growth financings. In the first quarter, we also increased our interest in Homag Group AG. After the end of the period, we signed another purchase agreement: DBAG and DBAG Fund V will be investing in Formel D, a services provider to the automotive industry.

In addition to the new investments in the portfolio, there was also a divestment, which contributed towards the positive valuation result: Coveright Surfaces Holding GmbH has sold its South American operations, its last remaining business, and has distributed a part of the sales proceeds to the shareowners. The amount attributable to DBAG exceeds the investment's valuation as at 31 October 2012 and the divestment has thus led to an uplift in value. Other positive value movements derive from the improved earnings that most portfolio companies have budgeted for the current year. Not least, the rise in the price of shares in Homag Group AG, our largest investment, contributed positively towards the first-quarter result.

Based on a net result of valuation and disposal of 9.9 million euros and net expenses of 2.6 million euros ("total other income/expenses") DBAG ended the first quarter of the 2012/2013 financial year with consolidated net income of 7.5 million euros. Net asset value per share was 20.02 euros at 31 January 2013, or a gain of 0.56 euros per share on the opening amount at the start of the financial year. Relative to net asset value (less proposed dividends) at the beginning of the financial year, this equates to an increase of 3.1 percent. In the previous 2011/2012 financial year, the first quarter closed with net income of 6.9 million euros and a rise in net asset value per share of 2.9 percent.

We hope to continue our investment activity in the coming months as successfully as at the onset of the financial year by adding further attractive companies to the portfolio – through both management buyouts and expansion capital investments. We have ample resources in place for that: even after the most recently agreed investment and the upcoming dividend payment – our joint recommendation with the Supervisory Board at the Annual Meeting will be to pay a dividend of 1.20 euros per share, or a total of 16.4 million euros – Deutsche Beteiligungs AG has some 120 million euros at its disposal and is therefore well placed for further acquisitions. Additionally, there are assets of more than 700 million euros available for investment through the co-investment funds, such as DBAG Fund VI for buyouts and DBAG Expansion Capital Fund for expansion financings.

On the back of the successful divestment of Coveright's South American operations and the rise in the price of Homag shares, we profited from events in the first three months of the year which should not be expected in every quarter. The results achieved after these initial three months can therefore not be used to extrapolate results for the entire year. Although the portfolio is relatively young and value growth will only evolve successively, we are confident about our prospects for the upcoming quarters and beyond. After all, DBAG has a solid portfolio. Whether and to what extent we will be able to record a further increase in value for our investments and, with that, in consolidated net income for the current year, depends on the economic environment and on other factors that are difficult to foresee, such as the sentiment on the stock markets at the reporting dates.

The Board of Management of
Deutsche Beteiligungs AG

THE GROUP AND UNDERLYING CONDITIONS

Business activity: Investments in select core sectors, financing alongside co-investment funds

Deutsche Beteiligungs AG seeks to invest in healthy companies with good prospects for development and backs them, usually for a period of four to seven years, as a financial investor in a focused-partnership role. It pursues the objective of appreciating the value of its portfolio companies. Subsequent to this holding period, the portfolio companies continue their development under a different constellation, for example, alongside a strategic industrial partner, a new financial investor or independently after an initial public offering. Upon a portfolio company's ultimate disinvestment, Deutsche Beteiligungs AG realises the value that was built during the time of its investment.

The investment performance of DBAG is based, first and foremost, on tried and true private equity work methods. These include an in-depth due-diligence process prior to making an investment, support for the portfolio companies' managements in implementing their corporate concepts by taking offices on advisory councils and supervisory boards, and a disinvestment process that is well-timed and well-structured.

Deutsche Beteiligungs AG invests in companies alongside co-investment funds by way of majority or minority investments. Majority investments are principally structured as management buyouts (MBOs): to acquire a majority interest in a target company, DBAG and a fund will co-invest equity. DBAG and the co-investment funds also provide capital to finance growth. Expansion financings are made by way of a minority investment, for example, through a capital increase. In both instances, members of DBAG's investment team co-invest proportionately.

DBAG and the funds invest in parallel on the same terms in the same investee businesses and in the same instruments. To that end, DBAG has concluded co-investment agreements with the funds. The monitoring of investments and their disinvestment also take place in parallel. Co-investment funds investing alongside DBAG have independent decision-taking structures and operate on their own account.

Deutsche Beteiligungs AG provides management or advisory services to the co-investing funds in respect of the origination of investment opportunities and the assessment, structuring, negotiation, monitoring and realisation of portfolios. In summary, this range of services is referred to as "investment services to funds", or " investment services" for short. Fee income from these investment services covers a large part of DBAG's operating costs.

Besides partially covering operating costs, the opportunity of investing alongside co-investment funds has a number of other important advantages for the Company and, consequently, its shareholders. The assets of co-investment funds create a much larger capital base, which enables investing in larger companies and diversifying the portfolio more broadly.

By way of the stock exchange, our business model gives shareholders access to an attractive asset class which is usually not open to investors with smaller sums to invest, and the liquidity of which is considerably lower than that of stock investments, because it is normally organised in the form of closed-end funds.

The core business objective of the activities of Deutsche Beteiligungs AG is to support portfolio companies during a phase of strategic development as a financial investor in a focused partnership. DBAG's aim is to contribute towards having these portfolio companies sustainably create value. The value growth of the investment portfolio directly affects the corporate value of DBAG: it is targeted to grow sustainably over the long term. As is common in the private equity sector, the measure for our long-term performance is a period of ten years. On the average of this ten-year period, we aim to increase the net asset value per share by an amount that exceeds the cost of equity. In financial year 2011/2012, the return on net asset value per share was 16.7 percent and clearly exceeded the arithmetically computed cost of equity. Over the past ten-year period (2002/2003 to 2011/2012), we generated an average return on net asset value per share after taxes of 13.8 percent. This exceeds the average cost of equity by more than five percentage points.

Business environment: Buyout market robust, growth gaining momentum

Sentiment in Germany's private equity market is heterogeneous: the data on buyout activity in our segment of the market would seem to indicate that business is gaining momentum, whereas surveys among market participants denote a more subdued response. The "German Private Equity Barometer", an indicator that has been polled for ten years by KfW Bankengruppe and

BVK German Private Equity and Venture Capital Association, ranged below its long-term average in the final quarter of 2012. The reasons market participants gave for the downbeat sentiment were higher entry prices, less favourable conditions for exits and uncertainty over business prospects.

In spite of the sovereign debt crisis and the slowdown in the economy, Germany's mid-market buyout segment proved robust in 2012, repeating the level recorded the previous year. Although the number of transactions, in which financial investors in partnership with management acquire the majority in a company and which have a transaction value from 50 to 250 million euros for the debt-free company, declined slightly from 31 to 29, the value of completed transactions reached some 3.5 billion euros, equalling that of the prior year. The outlook for the market segment is positive. Of the 29 deals in 2012, a total of 17 were transacted in the second half of the year. The transaction value was up more than 15 percent on the same period the previous year, reaching nearly 2 billion euros. The strongest activity was generated by five deals, which included automotive suppliers, a sector in which Deutsche Beteiligungs AG also prefers to invest. We expect this market dynamism to persist and give rise to attractive investment opportunities for us in the coming months.

In 2012, a total of 5.84 billion euros were invested in Germany's private equity market. According to BVK data, this represents a decrease of six percent compared with 2011. As in the previous year, the major part of the invested capital went to management buyouts – however, the total amount invested in this segment fell short of that in 2011. On the other hand, the capital channelled into Mittelstand-based minority investments increased to 709 million euros (tentative), up from 576 million euros in 2011.

The performance of our portfolio companies also depends on underlying economic conditions. Recently – in autumn of 2012 – these have deteriorated, evidenced by reports of lower order intake by German companies, receding industrial output in Germany and a slowdown in exports. However, the recession that many market observers expected in Germany failed to materialise, and key business indicators suggest that the economy is gaining momentum. Our portfolio companies' budgets mirror that trend: most of them expect revenues in excess of those in 2012 and, in line with that, higher earnings. In total, we believe that the underlying conditions are favourable for our portfolio companies, which are mostly globally positioned and not dependent on individual geographical markets.

Staff

At the end of the quarterly period, DBAG employed a staff of 52, plus five apprentices. One year ago, the staff numbered 45 and there were also five apprentices.

FINANCIAL PERFORMANCE

Earnings position: Very gratifying net result of valuation; special charges drive costs

Deutsche Beteiligungs AG recorded a consolidated net income of 7.5 million euros in the first quarter of financial year 2012/2013. This net income and other comprehensive income led to a rise in net asset value per share to 20.02 euros at 31 January 2013, up from 19.46 euros at 31 October 2012. Adjusted for the proposed dividend payment of 1.20 euros per share, this equates to an increase in net asset value per share of 3.1 percent. The preceding year's first-quarter period ended with consolidated net income of 6.9 million euros, while net asset value moved by 2.9 percent.

The net result of investment activity was the prime factor for the first quarter's performance; it consists of the net result of valuation and disposal and current income from financial assets.

The first-quarter net result of valuation and disposal (9.9 million euros, after 9.0 million euros for the same period the previous year) was driven by positive value movements for most of the portfolio companies that are not valued at cost, as is the case for recent acquisitions. A good part of the gain, or 3.8 million euros, recorded in the net result of valuation and disposal derives from our portfolio company Coveright's divestment of its South American operations. Another positive effect came from a rise in the price of shares in Homag Group AG, our largest investment. Homag shares increased from 9.95 euros to 10.82 euros over the first quarter of 2012/2013; this price movement led to a valuation gain of 1.7 million euros. Apart from the improvement in the price of Homag shares, the stock market had negative effects on the valuation result: the multiples we use for valuation purposes were nearly ten percent below those at 31 October 2012. The valuations of our portfolio companies are largely founded on higher expected earnings and/or lower debt budgeted for 2013. In valuing our investments, we took into account that budgets this early in the year are subject to greater uncertainty than in the second half of the year.

First-quarter current income from financial assets reached 0.5 million euros, exceeding that of the same period the previous year (0.1 million euros), due to a profit distribution received from a portfolio company. In total, however, current income from financial assets is of subordinate significance, in light of a portfolio predominantly consisting of buyouts.

Personnel costs for the three-month period were 3.4 million euros, which is clearly in excess of the prior year's level (2.9 million euros). In addition to the general salary trend, the increase is due to additions to the investment team over the past financial year as well as the temporary enlargement of the Board of Management. Other operating expenses totalled 3.1 million euros for the first quarter, or 0.3 million euros less than in the equivalent period the previous year. Two aspects should be mentioned when comparing year over year: the preceding year's first quarter was burdened for the last time by provisions of about 0.6 million euros for value-added tax risk. These provisions in aggregate of 11.0 million euros were reversed at 30 April 2012, after the fiscal authority of the state of Hesse announced it no longer held its initial opinion on a controversial issue (see the 2011/2012 Financial Report, page 55). The discharge compared with the previous year was, however, offset by higher costs incurred for screening and analysing investment opportunities. A substantial part of these costs is reimbursed by the co-investment funds; these reimbursements are recorded in other operating income.

Other operating income was nearly level with that of the first quarter in 2011/2012. For the three months to 31 January 2013, it amounted to 4.0 million euros, an increase of 0.1 million euros on the year before. There were two opposing effects here as well. Fee income from DBAG Fund V was lower; after expiry of the originally agreed investment period in February 2012, the fees paid by the fund were reduced by a quarter. A positive effect came from higher reimbursed costs mentioned above. When DBAG Fund VI commences its investment period, income from investment services will tend to increase in the coming quarters.

Net interest declined by 0.4 million euros to 0.1 million euros, since liquid or near-liquid financial resources are at present earning almost no interest.

Other income/expense items ("Total other income/expenses") amounted to -2.6 million euros, an increase of 0.6 million euros on the previous year's first quarter.

Other comprehensive income, which includes actuarial gains and losses arising from defined benefit obligations ("Pensions"), reached 0.1 million euros (previous year: -0.1 million euros). The positive movement derives from the remeasurement of pension provisions, following a change in the parameters for one benefit obligation.

Financial position: Financial resources rise to 147.1 million euros

The liquid asset position of Deutsche Beteiligungs AG at 31 January 2013 consisted of two components: cash totalling 71.1 million euros and interest-bearing securities (76.0 million euros). These financial resources grew by 41.3 million euros, primarily due to the completion of two realisations. In the first quarter, we recorded proceeds of 9.5 million euros, which were recognised in the 2011/2012 consolidated financial statements as a receivable from the purchaser of Preh GmbH, as well as the proceeds from the divestment of Coperion. This transaction was completed at the end of November 2012. The investment was carried in the 2011/2012 financial statements at 37.4 million euros on the basis of the negotiated purchase price within financial assets. Cash outflows relate to new investment (14.4 million euros) and general operating expenses. There are still no liabilities to banks.

Asset position and portfolio development: Two new investments

There were several changes to the portfolio in the first quarter. We entered into two new investments, and one investment was released from the portfolio. The first three months of the financial year saw the completion and finalisation of the investment in Coperion. This company's value appreciation was contained in the net result of valuation and disposal this past financial year (see the 2011/2012 Financial Report, page 52). Coveright Surfaces Holding GmbH ("Coveright") divested its last remaining operation in South America. We acquired Heytex Bramsche GmbH ("Heytex") alongside DBAG Fund V, which structured its ninth management buyout. Plant Systems & Services PSS GmbH ("PSS") is the first investment we have made alongside the DBAG Expansion Capital Fund, the fund for growth financings. We also increased our investment in Homag Group AG. In total, we invested 14.4 million euros in the first quarter.

Heytex (www.heytex.com) is a leading manufacturer of textile print media and technical textiles. The print media are used in the advertising industry, such as for banners on building facades or translucent advertising media. In this core business of print media, Heytex, with its broad product range, is the technology leader and European market leader. The distinguishing feature of technical textiles is their functionality; they can be equipped with properties such as low flammability, water resistance or scratch resistance. These textiles are used for tarpaulins or tents, as well as for oil barriers or conveyor belts. The company manufactures coated textiles. By means of various processes, polyester or other technologically sophisticated blended fabrics are coated with plastics such as PVC, polyurethanes or acrylates. Heytex provides its products in bales to its customers, who then use them to manufacture textile products for advertising purposes and a variety of other industrial applications. For 2012, the company has reported tentative revenues of 79.1 million euros. It employs a staff of more than 300 at three production locations – its headquarters in Bramsche (Lower Saxony) and in Neugersdorf (Saxony) as well as Zhangjiagang (China). Additionally, Heytex has sales offices in the US (Los Angeles and Charlotte), Brazil (Sao Paulo) and China (Hong Kong).

Heytex was founded nearly 100 years ago under the name of Julius Heywinkel GmbH in Osnabrück, Germany. The company started in 1913 as a canvas weaving mill. In 1957, it was taken over by car-chassis manufacturer Karmann; when Karmann became financially distressed in 2007, Heytex – like other non-core business sectors – was sold to a private equity company, under whose auspices Heytex has built its own structures and improved internal processes over the past years.

Supported by Deutsche Beteiligungs AG, the focus will now be on significantly expanding its sales activities. Heytex will also drive its internationalisation. So far a provider to customers primarily in western Europe, the company now aims to develop other markets, such as its American market, more intensively. Moreover, greater emphasis will be placed on product development activities. Heytex' market is cyclical, but growing consistently. The equity provided by DBAG and the fund will enable the company to identify more applications for Heytex products, with which it can demonstrate its cutting-edge technological expertise.

The first transaction alongside the expansion capital fund is targeted at building an industrial services group: **PSS** is the holding company for a group of specialised service providers to the energy and process industries, such as power plants and chemical companies. The group will be positioned cross-regionally and provide a broad range of services. The group stands to profit from the individual companies' ability to offer clients an extended range of supplementary services from the portfolios of partner companies and be backed by the holding company's financing capabilities. The group will initially be composed of three companies: ETABO GmbH, headquartered in Bochum, Germany, (www.eta-bochum.de) boasts more than 40 years of experience in construction and maintenance of pipework for power plants and industrial sites in Germany; 2012 revenues will reach some 32 million euros. With the capital increase provided by DBAG, two smaller companies with combined revenues of approximately 20 million euros have been acquired. These firms specialise in installing piping in storage tanks and in providing maintenance for entire tank farms.

The capital provided by DBAG and the fund will serve to finance the company's growth and build a mid-sized industrial services group capable of generating revenues of substantially more than 100 million euros. In a first step, 3.1 million euros (thereof DBAG: 1.2 million euros) have now been invested. DBAG and the fund will initially hold a 24.4 percent interest in PSS (thereof DBAG: 10.2 percent). Significant follow-on funding is slated in the short- to mid-term, as the company grows; the interest held by DBAG and the fund will then increase.

The case for this investment is the expected growth in the related markets. Factors driving that growth include the age of existing power plants, plans to decommission power plants and the general trend toward outsourcing industrial services to external specialists. Similar opportunities for the provision of services exist in the oil and chemical industries, which are faced with ever more stringent safety requirements.

Deutsche Beteiligungs AG was invested in a number of comparable companies in recent years. The transactions with Babcock Borsig Service (divested in 2005) and MCE (divested in 2009) were two of DBAG's most successful investments. Initiator of PSS (and still majority owner) is a manager who was involved in both management buyouts in his role as the CEO.

Documenting their commitment to supporting management in developing the company, DBAG and the two buyout funds, DBAG Fund IV and DBAG Fund V, increased their interests in **Homag** Group AG. The interest held in this listed mechanical engineering company is now 39.5 percent (thereof DBAG: 20.1 percent). DBAG and the co-investment funds previously held 33.1 percent of the shares (thereof DBAG: 16.8 percent). The addition largely stems from the purchase of a block of shares from the Wehrmann family, who had integrated their company into the Homag group in 1999 and have since been shareowners. The new shares were purchased for an average price of 12.02 euros per share. DBAG has been invested in Homag since 1997 and led the company to an initial public offering in 2007. The sales proceeds from the IPO and dividends paid since then have substantially exceeded the total invested capital.

At the end of the quarterly period, the portfolio of Deutsche Beteiligungs AG contained 17 investments. These include **Coveright**, however, with only the holding company remaining; at the end of January 2013, Coveright sold its South American operations (Coveright do Brasil), the last of its operating entities, to Germany-based Schattdecor Group. Coveright has been in the portfolio since 2003. The company originally operated several production sites in Europe as well as plants in Malaysia, Canada, the US and Brazil. After the market had changed markedly for the company, due among other things to considerable overcapacity in Europe following a period of weakness in construction activity, management decided to waive the growth strategy that was initially agreed in favour of a separate optimisation. Individual operations were then divested separately (Malaysia 2009; Russia 2010; Germany and Spain 2011; North America 2012; Brazil 2013). Having carried the investment substantially below its historical cost for an extended period, total return from the investment following disposal of the remaining operation was slightly in excess of the original invested capital. With a total of 3.8 million euros, Coveright contributed positively towards the first-quarter valuation result. Representations and warranties arising from the divestments of individual activities are being wound up through Coveright Surfaces Holding GmbH. Commensurate provisions are retained by the company, which will continue to result in a corresponding valuation of this investment in the accounts.

We measure the fair value of our investments on the basis of internal valuation guidelines at quarterly intervals. The principles and methods of valuation we employ are described in our Annual Report (page 63 of the 2011/2012 Annual Report). Among the 17 investments in the portfolio are a number of older commitments that are meanwhile of limited significance for the portfolio value – for instance, international buyout funds in the liquidation phase. The fair value measurement of our portfolio companies entails fluctuations in their value. These fluctuations can – perhaps only temporarily – cause a portfolio company's proportionate amount of the total

portfolio value to be very small or even nil. At 31 January 2013, the following ten alphabetically ordered investments were the largest of the 17 in the portfolio, measured by their IFRS value. They account for some 88 percent of the total portfolio value. An extended list of investments is presented on page 30 of this report.

Company	Historical cost €mn	Share held by DBAG %	Investment type	Sector
Broetje-Automation GmbH	5.6	18.8	MBO	Mechanical engineering and plant construction
Clyde Bergemann Group	9.2	17.8	MBO	Mechanical engineering and plant construction
Coveright Surfaces Holding GmbH	3.8	16.8	MBO	Specialty chemicals
DBG Eastern Europe II L.P.	4.5	14.9	Fund investment	Buyout funds
FDG S.A.	4.9	15.5	MBO	Industrial services
Grohmann GmbH	2.1	25.1	Expansion capital	Mechanical engineering and plant construction
Heytex Bramsche GmbH	6.4	17.0	MBO	Specialty chemicals
Homag Group AG	27.5	20.1	MBO	Mechanical engineering and plant construction
Romaco GmbH	7.7	18.7	MBO	Mechanical engineering and plant construction
Spheros GmbH	13.9	15.7	MBO	Automotive suppliers

Management buyouts account for 82.6 percent of the total portfolio value of 122.7 million euros. Another 9.5 percent are attributable to expansion capital investments, and 7.9 percent fall to international buyout funds.

Significant events after the end of the period: Another MBO

At the end of February 2013, we signed an agreement on an investment in Formel D GmbH, a services provider to the automotive industry with a staff of some 2,500 located at 58 sites worldwide. Deutsche Beteiligungs AG and DBAG Fund V will hold an interest of approximately 75 percent in the company. DBAG will invest up to 10.4 million euros for its 15 percent share.

SHARES

Positive evaluation: Market price above net asset value per share

Over the first months of the new financial year, DBAG shares continued to largely move parallel to the market, but underperformed the S-Dax' strong uptrend. At the end of the three-month period, DBAG shares closed at 20.40 euros, a gain of more than six percent on the outset of the financial year. The DAX ended the three-month period beginning in November also gaining exactly six percent and the LPX Direct, an index composed of the shares of listed private equity companies with a business model similar to that of DBAG, improved by just under five percent. The S-Dax delivered a much stronger performance, rising almost by 14 percent. Over the first quarter, DBAG shares largely traded at a premium to net asset value per share, which was 19.46 euros at 31 October 2012.

Averaging nearly 420,000 euros and almost 22,000 shares daily, the liquidity of DBAG shares in the first quarter was higher than it has ever been since the second quarter of financial year 2010/2011. This past financial year, daily trading volumes had averaged some 14,000 shares

Performance of DBAG shares and benchmark indices
(1 November 2012 to 1 March 2013, Index: 1 November 2012=100)

valued at about 240,000 euros. One aspect to call to mind is that traditional exchanges no longer mirror total trading activity. In addition to the stock exchanges, a further 10,000 shares were traded on a daily average through banks' direct transactions and on new electronic trading platforms.[1] Based on voting rights notifications and the dialogue with institutional investors, we know that four major shareholders have reduced their interests via the stock exchange. Market capitalisation of DBAG shares reached 279.0 million euros at the end of the reporting period, of which 209.1 million euros were in free-float ownership (as defined by Deutsche Börse AG). By market capitalisation of the free float, DBAG shares ranked 26th (31 October 2012: 24th) among the 50 stocks indexed in the S-Dax.

At the end of January 2013 Warburg Research (Bankhaus M.M. Warbung) began monitoring our shares and issued a first comprehensive assessment. With a view to current price levels – DBAG shares are still being traded at a premium to net asset value – their recommendation was "hold". Following the presentation of the 2011/2012 consolidated financial statements, all analysts monitoring DBAG shares were positive in their opinions and, in part, raised their upside targets. Berenberg Bank informed us in February that they will discontinue monitoring DBAG shares. Analysts' ratings are regularly documented on our website at www.deutsche-beteiligung.de/IR.

[1] Source: Bloomberg

OPPORTUNITIES AND RISKS

Confident about portfolio companies' development; risk for valuations arising from movements in stock markets

Our portfolio consists of very different companies. Many of them operate globally and have outstanding positions in their niche markets. That gives them a firm mainstay in times of growth. However, many of these companies are not immune to cyclical swings. In that respect, the global economic trend has an influence on our portfolio companies and, consequently, on the value of our financial assets. When growth weakens, a strong competitive position assists and stabilises our portfolio companies.

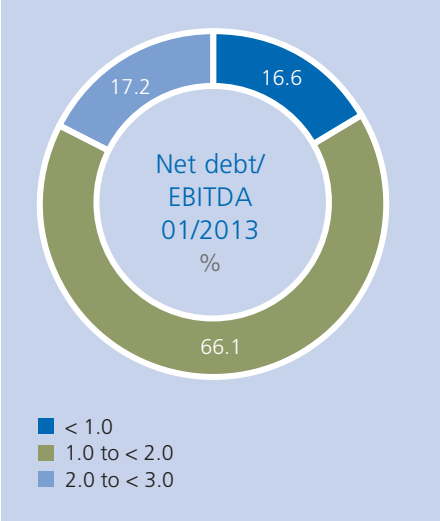
Negative effects on the portfolio value may ensue not only directly from the portfolio companies' earnings and debt positions, but also from changes in valuation ratios on the stock markets. Homag shares exemplify this. From the beginning of November 2012 to the end of January 2013, they traded between 10.01 euros and 12.50 euros: a price movement of one euro produces a negative or positive value contribution of some 3.1 million euros.

Despite the investments in the first quarter, the portfolio value relative to equity is still comparatively low. Financial resources of 147.1 million euros remain invested largely in securities of sovereign issuers as well as – from case to case – in term deposits with banks whose credit standing we consider to be good, based on their ratings. Financial resources account for almost 54 percent of net asset value per share. This puts into perspective the risk to net asset value per share arising from the global economic trend or from possible negative developments in individual portfolio companies. However, the high portion of financial resources limits the potential for value appreciation, since these liquid or near-liquid resources currently earn very low returns.

Our portfolio companies' comparatively low levels of debt also mitigate the exposure to risk: 83 percent of the portfolio value relates to companies whose expected debt rate at the year-end is less than twice their forecast EBITDA for the current year.[2)]

At 31 January 2013, Deutsche Beteiligungs AG had financial resources of 147.1 million euros at its disposal. In view of its financial resources and undrawn capital commitments to the DBAG Fund V, DBAG Fund VI and the DBAG Expansion Capital Fund, DBAG is well placed to take advantage of investment opportunities in the coming years.

There are no risks perceivable that would endanger the Company as a going concern. The information contained in the combined management report at 31 October 2012 therefore remains valid.



Report on expected developments: Earnings forecast confirmed

Deutsche Beteiligungs AG has a long-standing market presence and has achieved superior returns for its investors. Not least due to our extensive investment experience do we expect to continue conducting the Company's business successfully and maintain our strong position as one of the largest German private equity companies in our segment of the market. We adhere to our objective of achieving earnings in excess of the cost of equity on the long-term average. Significant amounts of our very high cash resources following profitable realisation from the portfolio are invested in secure, but low interest-bearing German government securities. Temporarily, this makes it more difficult to reach our return target.

[2)] Basis: Financial assets at 31 January 2012, less investment in MCE AG and Coveright Surfaces Holding GmbH (retention for representations & warranties), DBG Eastern Europe, shelf companies and companies the majority of which is attributable to third parties; debt and EBITDA based on portfolio companies' forecasts or analysts' estimates (Homag Group AG, here: net debt/EBITDA 2013).

The companies in the portfolio of Deutsche Beteiligungs AG are well positioned in their competitive fields. Most of them exhibit good progress, i.e., they will, in our opinion, further improve their level of earnings at least over the mid-term and reduce debt. These are key prerequisites for positive earnings contributions.

We cannot, however, predict exactly when and to what extent the portfolio companies' valuation-related data – meaning their strategic positioning and attractiveness as well as their financial metrics – will exhibit further improvement. There are several companies in our relatively young portfolio that are implementing the plan of action agreed at the outset of the investment and are, for instance, making acquisitions. These activities are not immediately mirrored in a corresponding value appreciation. In light of this and the moderated economic environment recently, it remains to be seen how strong the impulses for our portfolio companies' value appreciation will be.

In addition to the investee companies' strategic positioning and their earnings and debt, stock market multiples are a determining factor for the portfolio value at each reporting date. These multiples fluctuate from one reporting date to the next. A sound prediction on the trend is impossible.

In February 2013, DBAG Fund VI commenced its investment phase, and Deutsche Beteiligungs AG has since received fee income for investment services. DBAG Fund V has ended its investment phase. This reduced the basis on which fee income for investment services is charged. In total, however, we expect to average considerably higher fee income from investment services over the remaining three quarters of the year. Personnel expenses will tend to be lower in the coming quarters than those of the first three-month period, as two members will leave the Board of Management at the end of March. The negative net amount in other comprehensive income should therefore decline in the coming quarters.

Overall, the general forecast we issued at the last reporting date (2011/2012 Financial Report, page 102f.) remains valid: assuming the conditions in the equity markets remain unchanged, we expect that consolidated net income for the 2012/2013 financial year will fall short of that posted for this past financial year. As was pointed out, there were no indications at the time of the forecast that the positive effects on income in the past financial year would be repeated. A number of factors influencing the forecast, however, developed more favourably than

anticipated: we assumed a neutral trend for the price of Homag shares, and we budgeted a smaller positive effect from the disposal of Coveright's remaining operations. Nevertheless, the first-quarter results cannot be used to extrapolate results for the complete financial year. We intend to adhere to our dividend policy. It provides for the payment of a consistent dividend if at all possible, even for financial years ending with negative net income or in which there were no disposals.

Our momentary focus is on new investments for the portfolio. They broaden the basis for future value appreciation and create the platform for commensurate returns. In view of the Company's competitive standing and its sufficient financial resources, we believe that Deutsche Beteiligungs AG is well equipped to take advantage of attractive investment opportunities as they arise this current financial year and beyond. Following the new investments in the first quarter and the beginning of the second quarter, we expect to be able to announce further acquisitions in the coming months, by way of both management buyouts and expansion financings.

Consolidated income statement and statement of comprehensive income

for the period from 1 November 2012 to 31 January 2013

T€	1 Nov. 2012 to 31 Jan. 2013	1 Nov. 2011 to 31 Jan. 2012
Consolidated income statement:		
Net result of investment activity		
Net result of valuation and disposal of financial assets and loans and receivables	9,928	9,025
Current income from financial assets and loans and receivables	535	63
Total net result of investment activity	**10,463**	**9,088**
Other income/expenses		
Personnel costs	(3,414)	(2,889)
Other operating income	3,953	3,872
Other operating expenses	(3,138)	(3,354)
Depreciation and amortisation on property, plant and equipment and intangible assets	(98)	(88)
Interest income	180	593
Interest expenses	(103)	(92)
Total other income/expenses	**(2,620)**	**(1,958)**
Net income before taxes	**7,843**	**7,130**
Income taxes	(6)	(5)
Net income after taxes	**7,837**	**7,125**
Minority interest	(330)	(245)
Net income	**7,507**	**6,880**
Earnings per share in euros	0.55	0.50
Diluted earnings per share in euros	0.55	0.50

T€	1 Nov. 2012 to 31 Jan. 2013	1 Nov. 2011 to 31 Jan. 2012
Statement of comprehensive income:		
Consolidated net income	**7,507**	**6,880**
Actuarial gains/(losses) on defined benefit obligations/plan assets	142	(105)
Unrealised gains/(losses) on available-for-sale securities	(34)	22
Other comprehensive income	**108**	**(83)**
Total comprehensive income	**7,615**	**6,797**
Reconciliation of consolidated net income to consolidated retained profit:		
Consolidated net income	**7,507**	**6,880**
Profit carried forward from previous year	70,831	37,322
Dividends	0	0
Withdrawals from other revenue reserves	0	0
Expenses arising on cancellation of shares	0	0
Allocations to retained earnings	0	0
Consolidated retained profit	**78,338**	**44,202**

Consolidated statement of financial position

at 31 January 2013

T€	31 Jan. 2013	31 Oct. 2012
Assets		
Non-current assets		
Intangible assets	45	45
Property, plant and equipment	1,494	1,546
Financial assets	127,957	150,699
Loans and receivables	5,589	2,925
Long-term securities	75,983	83,034
Other non-current assets	520	425
Total non-current assets	**211,588**	**238,674**
Current assets		
Receivables	2,889	2,804
Short-term securities	0	5,026
Other financial instruments	2,498	1,553
Income tax assets	7,651	7,493
Cash and cash equivalents	71,138	22,732
Other current assets	11,885	20,711
Total current assets	**96,061**	**60,319**
Total assets	**307,649**	**298,993**

T€	31 Jan. 2013	31 Oct. 2012
Liabilities		
Equity		
Subscribed capital	48,533	48,533
Capital reserve	141,394	141,394
Retained earnings and other reserves	5,555	5,447
Consolidated retained profit	78,338	70,831
Total shareholders' equity	**273,820**	**266,205**
Liabilities		
Non-current liabilities		
Minority interest	12,136	12,086
Other provisions	200	169
Deferred tax liabilities	83	79
Total non-current liabilities	**12,419**	**12,334**
Current liabilities		
Other current liabilities	2,150	2,782
Tax provisions	2,422	2,440
Other provisions	16,838	15,232
Total current liabilities	**21,410**	**20,454**
Total liabilities	**33,829**	**32,788**
Total liabilities	**307,649**	**298,993**

Consolidated statement of cash flows

for the period from 1 November 2012 to 31 January 2013

T€	1 Nov. 2012 to 31 Jan. 2013	1 Nov. 2011 to 31 Jan. 2012
Consolidated net income	7,507	6,880
Valuation gains (-)/losses (+) on financial assets and loans and receivables, depreciation and amortisation on property, plant and equipment and intangible assets	(6,796)	(8,938)
Gains (-)/losses (+) from disposals of non-current assets	(522)	0
Increase (+)/decrease (-) in non-current liabilities	85	259
Increase (-)/decrease (+) in income tax assets	(158)	(93)
Increase (+)/decrease (-) in tax provisions	(18)	(9)
Increase (+)/decrease (-) in other provisions	1,606	0
Increase (-)/decrease (+) in other assets (netted)	7,701	954
Increase (+)/decrease (-) in other liabilities (netted)	(525)	(2,602)
Cash flows from operating activities	**8,880**	**(3,549)**
Proceeds from disposals of property, plant and equipment and intangible assets	0	0
Purchase of property, plant and equipment and intangible assets	(45)	(31)
Proceeds from disposals of financial assets and loans and receivables	41,869	82
Acquisition of non-current financial assets and investments in loans and receivables	(14,375)	(6,139)
Increase (-)/decrease (+) in long and short-term securities	12,077	17,739
Cash flows from investing activities	**39,526**	**11,651**
Change in cash funds from cash-relevant transactions	48,406	8,102
Cash funds at start of period	22,732	23,749
Cash funds at end of period	**71,138**	**31,851**

Consolidated statement of changes in equity

for the period from 1 November 2012 to 31 January 2013

T€	1 Nov. 2012 to 31 Jan. 2013	1 Nov. 2011 to 31 Jan. 2012
Subscribed capital		
At start and end of reporting period	**48,533**	**48,533**
Capital reserve		
At start and end of reporting period	**141,394**	**141,394**
Retained earnings and other reserves		
Legal reserve		
At start and end of reporting period	403	403
First adoption IFRS		
At start and end of reporting period	15,996	15,996
Reserve for actuarial gains/losses on defined benefit obligations/plan assets		
At start of reporting period	(10,990)	(4,720)
Change in reporting period	142	(105)
At end of reporting period	(10,848)	(4,825)
Change in unrealised gains/losses on available-for-sale investments		
At start of reporting period	38	(49)
Change in reporting period through other comprehensive income	(22)	48
Change in reporting period through profit or loss	(12)	22
At end of reporting period	4	21
Other revenues reserves		
At start of reporting period	0	0
Reclassification from revaluation surplus	0	(48)
At end of reporting period	0	(48)
At end of reporting period	**5,555**	**11,547**
Consolidated retained profit		
At start of reporting period	70,831	37,322
Consolidated net income	7,507	6,880
At end of reporting period	**78,338**	**44,202**
Total	**273,820**	**245,676**

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the three months ended 31 January 2013

1. Basis of preparation

Deutsche Beteiligungs AG has prepared these consolidated interim financial statements at 31 January 2013 in conformity with the standards and interpretations of the International Accounting Standards Board (IASB), London, Great Britain, adopted by the European Union.

Furthermore, these consolidated interim financial statements at 31 January 2013 were drawn up in conformity with the rules of IAS 34 (Interim financial reporting).

2. Accounting and valuation policies

For these interim financial statements, the same accounting policies and methods of valuation and computation have been applied as for the most recent consolidated financial report for the year ended 31 October 2012 (see pages 113ff. of the Annual Report).

3. Seasonal and cyclical effects

Seasonal and cyclical effects are mirrored in the valuation of financial assets at fair value. Please see the discussion in the management's interim report for further information.

4. Unusual items

No unusual items have been recorded affecting assets, liabilities, equity, net income for the period, or cash flows, and which are unusual for the business operations of Deutsche Beteiligungs AG because of their nature, size, or incidence which have not been discussed in management's interim report.

5. Changes in estimates of prior periods

There are no changes in estimates compared with the prior period.

6. Issuances, repurchases, and repayments of equity instruments and debt instruments

Equity or debt instruments were neither issued, repurchased, nor repaid in the first quarter of financial year 2012/2013.

7. Dividends paid

No dividends were paid in the first quarter of financial year 2012/2013.

8. Segment information

The Deutsche Beteiligungs AG Group is a one-segment company. Accounting-related information is only presented for the Company as a whole (see description in the 2011/2012 Annual Report, page 134).

9. Related party transactions

The members of the Board of Management held the following numbers of shares in the Company at the reporting date: Mr von Hodenberg 30,000; Mr Grede 20,323; Mr Mangin 15,270; Dr Scheffels 10,290; Ms Zeidler 0. Of the members of the Supervisory Board, Mr Philipp Möller held 1,000 shares and Mr Roland Frobel 2,000 shares in Deutsche Beteiligungs AG.

Key management personnel have made the following investments in related parties in the first quarter of financial year 2012/2013 and received the following repayments from parties related to DBAG Fund IV:

	Investments		Cumulated investments		Repayments	
T€	Management board	Senior executives	Management board	Senior executives	Management board	Senior executives
Period from 1 Nov. 2012 to 31 Jan. 2013						
DBG Investment Team GmbH & Co. KG	1	6	321	736	1,580	2,064
DBG Advisors IV GmbH & Co. KG	6	0	430	0	2,496	0

Key management personnel have made the following investments in the first quarter of financial year 2012/2013 and received the following repayments from parties related to DBAG Fund V:

T€	Investments		Cumulated investments		Repayments	
	Management board	Senior executives	Management board	Senior executives	Management board	Senior executives
Period from 1 Nov. 2012 to 31 Jan. 2013						
DBG Advisors V GmbH & Co. KG	252	175	2,610	1,969	1,295	677

Key management personnel have made the following investments in related parties in the first quarter of financial year 2012/2013 and received the following repayments from parties related to DBAG Expansion Capital Fund:

T€	Investments		Cumulated investments		Repayments	
	Management board	Senior executives	Management board	Senior executives	Management board	Senior executives
Period from 1 Nov. 2012 to 31 Jan. 2013						
DBG Advisors Expansion GmbH & Co. KG	93	0	93	0	0	0

Apart from these, there were no related party transactions in the first quarter of the 2012/2013 financial year materially affecting the asset, financial or earnings position of the Group in this period.

10. Changes in the composition of the Group

There were no changes in the composition of the Group compared with the status at 31 October 2012 (see pages 112f. of the 2011/2012 Financial Report).

11. Changes in contingent liabilities and contingent assets

In the first quarter of financial year 2012/2013, there were no material changes in contingent liabilities and contingent assets.

12. Other information

There were no changes in the composition of the Board of Management in the first quarter of financial year 2012/2013.

13. Significant events after the end of the reporting period

Please refer to the preceding section of this interim report.

Frankfurt am Main, 14 March 2013

The Board of Management

Information on our portfolio companies >

Portfolio company	2012 Revenues €mn	Number of staff	Core business
Broetje-Automation GmbH, Wiefelstede	83 (FY 11/12)	390	A developer and manufacturer of machines and lines for automatic assembly of aircraft
Clyde Bergemann Group, Wesel/Glasgow/Delaware	US$445mn; (FY11/12)	1,560	A developer and manufacturer of components for coal-fired power plants
FDG Group, Orly, France	113*	760	A non-food category manager for supermarkets in selected product lines
Grohmann GmbH, Prüm	111*	850	A developer and provider of plants for industrial automation
Heytex Bramsche GmbH, Bramsche	79*	306	A manufacturer of textile print media and technical textiles
Homag Group AG, Schopfloch	767	5,085	A provider of woodworking machines and plants for the furniture and construction supplies industries
JCK Holding GmbH Textil KG, Quakenbrück	480*	990	A marketer of textiles
Plant Systems & Services PSS GmbH, Bochum	50*	287	A developer and manufacturer of sophisticated driver operating and control elements for cars
Romaco Group, Karlsruhe	109 (FY 11/12)	450	A developer and manufacturer of packaging machines for the pharmaceutical industry and of processing lines for the food, cosmetics and health-care sectors
Spheros GmbH, Gilching	166*	707	A developer and manufacturer of air conditioning and heating systems, water pumps and roof hatches for buses

* preliminary

Financial calendar

Report on the 1st Quarter 2012/2013 Analysts' Conference Call, Frankfurt am Main	18 March 2013
Listed Private Equity Day, Zurich	18 March 2013
2013 Annual Meeting, Frankfurt am Main (Hermann Josef Abs Room)	26 March 2013
Dividend payment 2013	27 March 2013
Listed Private Equity Day, Birmingham	24 April 2013
Report on the 2nd Quarter 2012/2013 Analysts' Conference Call, Frankfurt am Main	14 June 2013
Report on the 3rd Quarter 2012/2013 Analysts' Conference Call, Frankfurt am Main	16 September 2013

Note

This interim report is published in German and in English. The German version of this report is authoritative.

Forward-looking statements

This interim report contains forward-looking statements related to the prospects and progress of Deutsche Beteiligungs AG. These statements reflect the current views of the management of Deutsche Beteiligungs AG and are based on projections, estimates and expectations. Our assumptions are subject to risks and uncertainties, and actual results may vary materially. Although we believe these forward-looking statements to be realistic, there can be no guarantee.

Status: 14 March 2013

Incorporated in the Commercial Register
at the District Court in Frankfurt am Main
Handelsregister B 52 491

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