Deutsche Beteiligungs AG

2010 2011

Interim Report

at 30 April 2011

Financial highlights (IFRS) at a glance

		1st half year 2010/2011	1st half year 2009/2010	2nd quarter 2010/2011	2nd quarter 2009/2010
New investment [1]	€mn	8.5	2.1	8.0	0
IFRS carrying amount of investments (30 April) [1]	€mn	143.3	102.0		
Number of investments (30 April)		18	18		
EBIT	€mn	17.4	20.6	8.3	8.9
Earnings before taxes (EBT)	€mn	18.2	20.7	8.8	9.0
Net income	€mn	17.7	17.7	7.7	8.4
Consolidated retained profit	€mn	71.6	56.7		
Equity (30 April)	€mn	272.2	263.0		
Cash flows from operating activities	€mn	(5.0)	(9.2)	(1.3)	(7.8)
Cash flows from investing activities	€mn	10.5	(5.0)	(7.2)	(45.7)
Cash flows from financing activities	€mn	(19.1)	(13.7)	(19.1)	(13.7)
Change in cash funds	€mn	(13.6)	(27.8)	(27.6)	(67.2)
Earnings per share [2]	€	1.29	1.29	0.56	0.62
Net asset value (equity) per share	€	19.90	19.23		
Change in net asset value per share [4]	%	6.8	7.2		
Employees (30 April)		52	48		

1) Without shelf companies and group companies mainly attributable to third parties
2) In relation to weighted number of shares outstanding in each period
3) Change in net asset value per share at the closing date in relation to opening net asset value per share at beginning of period, less the sum proposed for dividend payment

Deutsche Beteiligungs AG <DBAG>

Deutsche Beteiligungs AG is a leading German private equity company. We invest in successful companies whose products and services have gained them outstanding positions in their markets. Additionally, we manage assets entrusted to us by investors to invest through co-investment funds. Our accomplishments of recent years are rooted in our distinct focus on growth-driven, profitable, internationally operating companies. Drawing on our long years of investing experience, we aim to achieve attractive returns on buyout and expansion capital investments.

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Letter to Shareholders

Good results and new management buyout

Dear Shareholders,

Deutsche Beteiligungs AG (DBAG) has completed another strong quarter – both in terms of performance and changes to the portfolio. Net income for the period totals 7.7 million euros. The prime contributors were Preh GmbH and Heim & Haus International GmbH, whose realisations we agreed in the second quarter. The performance of most portfolio companies remains strong. However, the net result of valuation and disposal was impacted by a weaker US dollar, which lost some ten percent of its value over the second quarter. This decreased the valuation of our investments in Clyde Bergemann (headquartered in the US) and in US buyout fund Harvest Partners IV. By acquiring the Romaco group, a developer and manufacturer of packaging and processing machines and lines, we added a promising investment to the portfolio with excellent prospects for value growth. The closing held for the DBAG Expansion Capital Fund at the end of May (i.e., after the end of the second quarter) can also rightly be termed a success. Investors have committed 142 million euros to this fund, which will provide expansion capital and make minority investments. Including DBAG's commitment of 100 million euros, we now have assets of 242 million euros at our disposal for these investments.

Net income now totals 17.7 million euros for the first six months of financial year 2010/2011. Net asset value per share is 19.90 euros at 30 April 2011. Adjusted for the distribution of 1.40 euros per share (a dividend of 0.40 euros plus a surplus dividend of 1.00 euro), which was paid in March for the past financial year, net asset value per share gained 6.8 percent in the six-month period on the opening amount at the beginning of the year.

In the first half of the preceding 2009/2010 financial year, DBAG posted net income of 17.7 million euros and an increase in net asset value per share of 7.2 percent. That performance largely derived from the price movement of Homag shares, which again contributed positively to the valuation result in the reporting period, although clearly less than in the prior year.

The latest agreements on realisations from the portfolio once again show that success in private equity cannot be measured and judged on a short-term basis. For example, the value movements for Preh and for Heim & Haus were not at all consistently positive over the time of our investment. These companies were partly exposed to serious cyclical swings, compelling them to respond to unexpected market developments. Both investments were temporarily valued considerably below their historical cost. However, by backing the management teams and supporting the business plans we mutually agreed at the start of our investment, both companies underwent change and continual improvement, independent of market and cyclical impacts. We have now been able to successfully realise Preh and Heim & Haus and release them from the portfolio – with significantly higher revenues, improved margins and good strategic direction, but also with valuations that are clearly in excess of the historical cost and also meet our return targets. Additionally, both divestments were realised at an uplift to their preceding quarterly valuation.

With an investment of 7.7 million euros, giving us an 18.7 percent interest (our co-investment fund DBAG Fund V holds another 77.3 percent), we added the Romaco group to our MBO portfolio at the end of April. In partnership with Romaco's management, we plan to back the group's next steps in its development. The focus will be on growing the service business, expanding the service centre network and tapping new applications for Romaco's benchmark technologies. Growth will largely be organic, but will also come from complementary acquisitions. This can open up further investment opportunities for Deutsche Beteiligungs AG.

Our investment team has been intensively screening investment opportunities – consisting both of majority interests up for sale, which would enable us to structure management buyouts, and of enquiries for expansion capital investments. Competition for attractive companies has become ever more intense; we have therefore responded by, among other activities, expanding our systematic approach to sourcing deals outside organised sales processes. Our investment in the Romaco group is the result of this approach. Irrespective of the intense competition, we hope to further complement the portfolio in the coming months and thereby lay the foundation for future value growth.

We have ample funds at our discretion for new investment. In addition to approximately 113 million euros from our own balance sheet, we can draw on commitments to our two co-investment funds of some 350 million euros.

The news from the portfolio makes us confident about the way ahead. We expect most of our portfolio companies to develop positively this current financial year. That should generate positive momentum for the net result of valuation over the remaining course of the financial year. However, we are unable to foresee what the valuation ratios in the quoted markets will be in three or six months' time. Measured by historical averages, much optimism for further strong economic growth has already been factored in. Whether or not the very favourable economic environment will persist is in no way a foregone conclusion. The currency turmoil, for instance, has not come to an end and is increasingly weighing on the capital markets. We therefore want to reiterate the estimation we gave three months ago: It is not possible to say whether the portfolio companies' good order intake levels and recent margin improvements will be mirrored in an equally positive net result of valuation in the coming quarters. Our forecast is therefore conditional: Given a stable capital market and a persistently favourable economic environment, we expect DBAG to post positive results in the coming quarters.

The Board of Management of
Deutsche Beteiligungs AG

Half-yearly financial report

Management's interim report on the first six months (1 November 2010 to 30 April 2011)

The group and underlying conditions

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

companies whose business models are rooted in the outstanding engineering quality of their products and in specialised services. Companies such as these are found in the mechanical and industrial engineering sector, among automotive suppliers, in specialty chemicals, measurement and automation technology and among specialised support service providers for different industries.

Deutsche Beteiligungs AG invests in established companies with a proven business model. Key conditions for an investment are a target company's profitability prospects, strong market position and unique propositions in its product and service offerings. This strategy excludes investments in early-stage and small companies.

Investments may be made in different forms. Up to the late 1990s, the company pursued a broader approach, which also encompassed expansion capital investments (minority investments in family-owned businesses who want to retain control over their companies) and investments in international buyout funds. Since 2001, in response to market trends, our investment activity has been focused on management buyouts (MBOs) in German-speaking regions, i.e., investments in companies in which the target companies' managements co-invest and financial investors hold a controlling interest. The portfolio profile today reflects this strategic approach. The recent financial and economic crisis has led to a distinct change in supply and demand in the market for private equity investments. The current setting creates attractive opportunities for equity capital providers to invest in minority investments. We responded to these changed conditions and are now again making investments in instances where a voting majority in a company is not obtainable.

The investment performance of Deutsche Beteiligungs AG is based, first and foremost, on the application of proven private equity work methods. These include an in-depth due-diligence process prior to making an investment and, during the holding period, supporting the portfolio companies' managements in implementing their corporate concepts by taking offices on advisory councils and supervisory boards.

Besides investing the assets of Deutsche Beteiligungs AG, an integral part of the financing strategy is to additionally invest the capital of other German and international private equity investors. Deutsche Beteiligungs AG manages the capital committed by these investors through co-investment funds. These funds co-invest alongside Deutsche Beteiligungs AG at the same terms in the same investee businesses and in the same instruments. Co-investment funds have independent decision-taking structures and operate on their own account. Deutsche Beteiligungs AG earns fee income for accessing investment opportunities and managing the investments of these funds. This fee income serves to cover a part of the operating costs of Deutsche Beteiligungs AG. Fees for management services to co-investment funds are value-related. During the investment phase,

fees are based on the capital committed by the fund's investors. Following the completion of the investment period, they are measured by the historical cost of the unrealised investments in the fund's portfolio.

Our investment activity is targeted at building the value of investments and realising that value after a period of four to seven years upon an investment's ultimate disposal. That way, we aim to augment the value of Deutsche Beteiligungs AG on the long-term average by an amount that exceeds the cost of equity of DBAG. We have achieved this target over the past ten-year period (2000/2001 to 2009/2010). The average return on net asset value – or equity – per share was 12.2 percent over that period. Shareholders of Deutsche Beteiligungs AG have profited from the attractiveness of the asset class of private equity, whose returns in the past have been superior to those of other, traditional asset classes.

Stronger momentum in M&A market

Germany's private equity market is gaining momentum, driven by a number of factors. As economic growth persists, the quality of the companies that are up for sale in the market or that seek expansion financing has markedly improved. This, moreover, simplifies negotiating private equity transactions. By 2010, most companies had absorbed the final effects of the crisis. External growth is now back on the agenda – trade buyers' activity in the market is noticeably greater than before. Investors from Asia are increasingly appearing on the M&A stage in Europe as buyers – that, too, has contributed towards the market's revival.

The markets in which we operate continued their uptrend: 2010 saw 24 management buyouts in Germany in the mid-market segment (transaction value from 50 to 250 million euros for the debt-free company); in the period from January to April 2011 there has already been a total of ten. Data issued by the German Private Equity and Venture Capital Association/Bundesverband Deutscher Kapitalbeteiligungsgesellschaften (BVK) corroborates that trend – the Association speaks of a "promising start for the private equity market" in summarising the first three months of 2011.

Acquisition finance is becoming more readily available. We expect conditions to ease further in the course of the year. However, the number of funding providers has decreased in recent years, which is less conducive to competition.

Our deal flow – or access to potential investments – has also gained momentum in recent months. The expansion of our product offering is one reason for this. Nonetheless, competition for attractive companies remains intense. In addition to stronger trade buyer activity, the competitive environment is spurred by an overhang of capital for private equity investment which was not invested during the crisis and the rapid upswing that followed. According to our observations, heavy competition for a still limited stream of investment opportunities is driving prices.

Macroeconomic environment: Growth persists

Germany's economy is growing dynamically: With a rise in real terms of 1.5 percent in the gross domestic product in the first quarter of 2011 over the fourth quarter of 2010, the country experienced the strongest growth spurt in almost 20 years. Economic output has now exceeded pre-crisis levels – significantly earlier than generally expected. Among the sectors fuelling that growth are the core industries in which Deutsche Beteiligungs AG prefers to invest: Germany's mechanical and industrial engineering sector has forecast a gain of 14 percent for this year compared with 2010, and the automotive industry has manufactured seven percent more vehicles in the first four months of 2011 than in the equivalent period the previous year. Rising domestic demand has complemented the persistent high demand from abroad, particularly from Asia.

Elsewhere in Europe, growth was weaker; major economies such as France and Great Britain trailed behind in their growth rates, and the economies in southern Europe stagnated. Overall, however, recovery in the global economy is making good progress. In 2011, the world economy is expected to expand by 4.4 percent, and even stronger growth is forecast for the year thereafter – supported to a large extent by the prosperity in emerging countries. All in all, this constitutes favourable underlying conditions for our portfolio companies. However, we should not lose sight of possible risks, such as the volatility of commodity prices, the persistent fragility of the finance and currency systems in Europe, and the natural disaster in Japan, the effects of which are not yet entirely foreseeable.

Staff

At the quarterly reporting date, DBAG employed a staff of 47, plus five apprentices. One year ago, the staff numbered 43 and there were also five apprentices.

Current trading and financial performance

Earnings position: Result of valuation and disposal at previous year's level

Deutsche Beteiligungs AG achieved net income of 7.7 million euros in the second quarter of financial year 2010/1011. For the full six-month period to 30 April 2011, the Company recorded net income of 17.7 million euros. Adjusted for the dividend and surplus dividend paid in March, this led to a change in net asst value per share to 19.90 euros at 30 April 2011, compared with 20.03 euros at 31 October 2010. Again adjusted for the dividend distribution of 1.40 euro per share, this equates to a return on equity of 6.8 percent. For the first six months of the previous year, we had also recorded net income of 17.7 million euros (thereof, 8.4 million euros in the second quarter), while net asset value gained 7.2 percent.

The second-quarter result was subject to different influential factors: a very satisfactory net result of valuation and disposal, dampened somewhat by negative currency effects, stable current income, and – with transaction activity picking up – higher expense. Comparatively low net interest continued to dilute returns.

The net result of valuation and disposal for the six months to 30 April 2011 (25.0 million euros, after 23.1 million euros for the same period the previous year) derives from the two profitable realisations agreed in the second quarter and from the positive valuation movements recorded for our portfolio companies. When comparing with the previous year, an aspect worthy of note is that the value growth of our investment in stock market-listed Homag Group AG – one of our largest investments – amounted to 2.3 million euros this year, or significantly less than that of the first six months of 2009/2010 (13.1 million euros). Capital market multiples developed in our favour, whereas currency effects negatively influenced the net result of valuation and disposal: the US dollar fell by more than six percent over the six-month period and accounted for a loss of ten eurocents per share.

The value growth that stems from our two divestments has been recognised on an immanent sale basis in the net result of valuation and disposal for the half-year, although the completion of these transactions will only take place after all legal and contractual obligations have been met; in conformity with the valuation guidelines, the contractually agreed purchase price was recognised.

Key expense items exceeded those of the previous year: Personnel costs for the six-month period totalled 7.6 million euros (thereof second quarter: 4.6 million euros; previous year 6.2 million and 3.0 million euros, respectively); this item contains provisions for bonus payments based on the results of the first half-year as well as performance-related compensation that derives from the two realisations previously mentioned. The reason for the rise compared with the previous year is the performance-related compensation. Other operating expense (6.7 million euros; thereof second quarter: 3.6 million euros) was above that of the previous year (5.5 million euros and 2.6 million euros), due to higher transaction-related costs and allocations to provisions which we have recently been making for possible exposure to value-added tax risk; these provisions amount to 0.4 million euros on a quarterly basis (see commentary in the 2009/2010 Annual Report, pages 54 and 59). Other operating income of 6.6 million euros (thereof second quarter: 3.8 million euros) was level with the previous year (6.6 million euros; thereof second quarter: 3.3 million euros). Fee income for fund management services constitutes the key component of other operating income; it is based on the committed or invested capital of these funds. Fee income from the new DBAG Expansion Capital Fund is not yet contained in this item.

Net interest for the first half of 2010/2011 totalled 0.5 million euros; of that amount, 0.3 million euros were achieved in the second quarter. The previous year's six-month period saw net interest of merely 0.2 million euros (thereof second quarter: 0.1 million euros), due to even lower interest rates at the time. The major part of the Company's liquidity is still held in low interest-bearing German government securities.

Other income/expense items ('Total other income/expense'), which can be regarded as net expense for business operations, amounted to -7.3 million euros for the six-month period, of which -4.2 million euros are attributable to the second quarter. In 2009/2010, total other income/expense at 30 April amounted to -5.1 million euros (thereof second quarter: -2.3 million euros).

Financial position: No bank debt, sizeable liquidity

The liquid asset position of Deutsche Beteiligungs AG at 30 April 2011 consists of two components: cash totalling 10.1 million euros and securities (102.8 million euros). Liquid assets decreased in the second quarter due, among other things, to the payment of a dividend (0.40 euros per share) and a surplus dividend (1.00 euro per share) amounting to a total of 19.1 million euros as well as the investment in the Romaco group. Liquid assets (cash and securities) of 113.0 million euros at the quarterly reporting date on 30 April 2011 fell short of those at the beginning of the financial year by 27.7 million euros (140.7 million euros; 30 April 2010: 149.9 million euros). There are no liabilities to banks.

Key cash inflows in the first half of 2010/2011 came from Hochtemperatur Engineering GmbH (whose liquidation is in progress) and from two international buyout funds following realisations from their portfolios. Cash outflows relate, among other things, to the dividend payment, new investment, investment income tax expenses and current operating costs. Inflows from the divestments agreed in the second quarter will for the most part be received in the third quarter.

Asset position and portfolio development

In the second quarter, we invested in the Romaco group and agreed two divestments: the majority of the Company's interests in Preh will be released from the portfolio and the investment in Heim & Haus will be realised completely.

Alongside our buyout fund DBAG Fund V, we acquired the majority in the Romaco group from US-based Robbins & Myers Inc., a listed company. Romaco's management will also invest in this mechanical engineering business. The (debt-free) purchase price for the company is 61 million euros. A part of the purchase price was arranged through acquisition finance. DBAG itself invested 7.7 million euros from its balance sheet and now holds an 18.7 percent interest in Romaco.

Romaco (www.romaco.com) fits our investment criteria well. The company has an experienced, entrepreneurial-driven management, a leadership position in an expanding market and broad potential for development and value growth. With Romaco, we invested in one of the most attractive and strongly growing segments in Germany's mechanical engineering sector. Romaco develops and manufactures machines and complete lines for packaging and processing applications.

The group's products can be categorised into two segments: The first is filling, dosing and packaging machines and lines for the pharmaceutical and cosmetic industries. Romaco focuses on technically sophisticated flexible machines for medium-batch production environments, which are currently benefiting from the strong global expansion of generic drug producers and contract packers (a company that packages drugs for other pharmaceutical producers). Romaco's other segment is process technology, which provides machines and processing lines primarily for the food and cosmetics industries as well as for the health-care sector. The group employs a staff of 450 at three locations (its headquarters in Karlsruhe, Germany; in Rheinfelden, Switzerland; and in Bologna, Italy). Additionally, there are representatives and local service centres working for the company in more than 100 markets worldwide. About two-thirds of its expected 2011 revenues of 100 million euros (financial year ending 31 August) will come from packaging-machine construction.

These include machines that blister-pack tablets and capsules as well as cartoning equipment that packs blisters and other products into cartons and cases. The remaining portion of revenues is generated by machines for processing solutions, used, for instance, in the production of sauces (mustard, mayonnaise) as well as for ointments, eye drops, gels and creams.

New shareowner to back next development step at Preh

We will divest three-fourths of our interests in automotive supplier Preh GmbH to Ningbo Joyson Automotive Investment Holding Co., Ltd., a private automotive supplier headquartered in Ningbo (China). We signed a contract to that effect in the second quarter, which was still conditional upon regulatory approval at this quarterly reporting date. DBAG, DBAG Fund IV and other co-investors acquired the company alongside Preh's management in 2003. The Joyson group will hold a 74.9 percent interest. Together with the other investors and Preh's management, we will remain invested with a 25.1 percent share; a put option exists for these shares, which is exercisable in January 2013.

Preh GmbH (www.preh.de) is a globally operating automotive supplier. The company develops and manufactures operating and control elements for vehicles that uniquely combine intelligent electronics and software with high-quality surface and haptics technology. Examples are driver control systems for climate-control and infotainment units in cars. Through this divestment, DBAG, who itself held 17.0 percent (now 4.3 percent) in Preh GmbH, will be realising the value growth which the company has recorded since entering into the investment nearly eight years ago. This value growth derives from the company's strategic development and is evidenced by its financial metrics: Revenues rose from 225 million euros to 351 million euros – despite the 2009 crisis in the automotive industry and despite the divestment of peripheral businesses that had accounted for about a quarter of total revenues in 2003. During the past holding period, the number of staff grew by 47 percent to 2,500, of whom 1,200 are located at Preh's headquarters in Bad Neustadt.

Backed by DBAG, Preh set up a production site in Mexico (2005) and established itself in the US market; a further production site was built in Romania (2009). In recent years, Preh has increasingly enhanced its position as a development partner to carmakers. For instance, Preh has been providing the central driver control units, now in their third model generation, for many key Audi and BMW models – these are components that distinguish carmakers, and they therefore attach particular importance to them. Last year, Preh recorded revenues of 343 million euros from its automotive business – more than double the amount achieved at the time DBAG entered into the investment in 2003. That corresponds to average annual growth of 10.6 percent.

Preh's new shareowner will now back the next step in its development – establishing a proprietary production in China and systematically tapping the Asian market. Last year, Preh had already set up a joint venture with Joyson Automotive Electronics to manufacture and market Preh products in China. That partnership has now culminated in a technology company which will conduct the global automotive electronics activities of Joyson and Preh from its base in Bad Neustadt.

Second successful realisation in financial year

In the second quarter, we also realised our investment in Heim & Haus International GmbH (Duisburg), a direct marketer of shading systems and building components for single-family and duplex homes.

The buyers are the two managing co-shareowners Rolf-Christian Schommers and Heinz-Theo Nühlen and their families. The transaction puts this company, which was founded in 1971 by Rolf M. Schommers, back in family hands. Deutsche Beteiligungs AG (which held a 20.4% interest) and DBAG Fund IV invested in Heim & Haus in autumn 2006.

Since DBAG's entry, the company's revenues have increased organically from 91 million euros (2005) to 123 million euros (2010), which equals annual growth of more than six percent. In response to market trends, Heim & Haus added new products to its portfolio. Among them are energy-saving windows to help homeowners improve the energy efficiency of their houses, and alarm systems that support efforts to achieve greater security. Along with revenue growth, the number of employees also rose significantly over the five-year period. Today, Heim & Haus offers some 500 jobs at its headquarters in Duisburg and two further production sites in Germany. Its staff manufactures customised products that are sold door-to-door by self-employed sales representatives and then installed by fitters working exclusively for Heim & Haus. The company covers the entire value chain – from product development, sales and installation to repair and maintenance services.

The portfolio of Deutsche Beteiligungs AG consisted of 18 investments at the quarterly reporting date (Heim & Haus was still included at the end of the reporting period, and DBAG remains invested in Preh). New investment in the first quarter totalled 8.5 million euros and is for the most part attributable to the acquisition of interests in the Romaco group. Further funding was channelled into two existing investments, including an international buyout fund. There are undrawn capital commitments to international buyout funds of 3.2 million euros currently remaining.

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 (pages 63ff. of the 2009/2010 Annual Report). Among the 18 investments in the portfolio are a number of older commitments that are meanwhile of subordinate significance for the portfolio value – for instance, international buyout funds in the liquidation phase. Based on the valuation method we employ, our investments may be subject to value fluctuations. Consequently, even larger investments may tempo-

rarily lose in significance for the value of the portfolio. At 30 April 2011, the following eleven alphabetically ordered investments were the largest in the portfolio, measured by their IFRS value. They account for almost 90 percent of the total portfolio value. An extended list of investments is presented on page 31 of this report.

Management buyouts account for 86.5 percent of the total portfolio value of 143.3 million euros. Another 7.0 percent are attributable to expansion capital investments, and 6.5 percent fall to international buyout funds.

Company	Historical cost (€mn)	Share held by DBAG (%)	Business segment	Industrial sector
Clyde Bergemann Group	9.2	17.8	MBO	Mechanical and industrial engineering
Coperion GmbH	10.6	18.8	MBO	Mechanical and industrial engineering
DBG Eastern Europe II L.P.	5.8	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 and industrial engineering
Heim & Haus International GmbH	6.6	20.4	MBO	Consumer goods
Homag Group AG	21.4	16.8	MBO	Mechanical and industrial engineering
ICTS Europe Holdings B.V.	6.4	18.8	MBO	Industrial services
JCK KG	3.0	3.6	Expansion capital	Consumer goods
Preh GmbH	3.7	17.0	MBO	Automotive suppliers
Romaco GmbH	7.7	18.7	MBO	Mechanical and industrial engineering

Shares

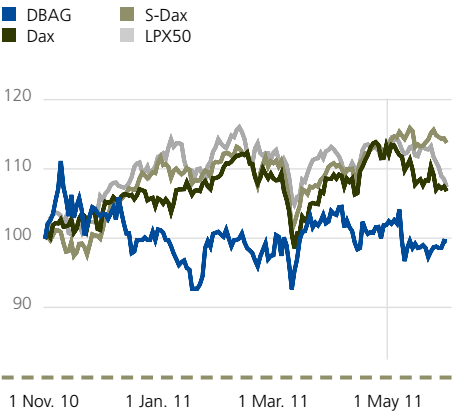
Shares trading near NAV

The performance of shares in Deutsche Beteiligungs AG has fallen behind the general market trend this current financial year. DBAG shares were unable to replicate the previous year's very satisfactory price trend, when they clearly outperformed the key benchmark indices. At 30 April 2011, DBAG shares had lost about five percent on the opening quotation at the start of the financial year; taking the dividend payment in March of 1.40 euro per share into account, DBAG shares gained slightly by 0.9 percent in the first six months of the current financial year, whereas the benchmark indices advanced by 13 and 14 percent over the same period. However, DBAG shares are still one of the few quoted private equity stocks that are trading near net asset value.

Share performance from 1 November 2010 to 8 June 2011

in %

Index: 1 November 2010 = 100



Second-quarter trading volumes in DBAG shares were approximately level with those of the first quarter (averaging 30,990 shares daily from February to April, compared with 30,900 shares from November to January). For the six-month period to 30 April, trading volumes this year were higher than last (daily average of 62,000 shares with a value of 1.3 million euros, compared with 50,000 shares daily valued at 0.9 million euros). Market capitalisation reached 271.2 million euros at the end of the reporting period, of which 79.8 percent were in free-float ownership. DBAG shares ranked 29th among the 50 stocks indexed in the S-Dax.

Shareholders at Annual Meeting grant authorisation for share buybacks and elect new Supervisory Board

A total of 50.4 percent of the voting capital was represented at the Annual Meeting on 23 March 2011. Shareholders agreed to the remuneration scheme for the Board of Management by a vote of 91.9 percent. By a vote of 99.6 percent of the represented capital, shareholders granted authorisation to repurchase up to ten percent of the Company's own shares. The authorisation is valid for a period of five years and ends in March 2016. It replaces the existing authorisation, which would have expired in September 2011.

The term of office of all six members of the Supervisory Board ended concurrently with the conclusion of the Annual Meeting on 23 March 2011. After two members had announced that they would not be standing for re-election, the composition of the Supervisory Board has changed. Roland Frobel, Head of Finance and Administration of Dirk Rossmann GmbH, and Dr Hendrik Otto, a lawyer at Mayer Brown LLP, have succeeded Dr Hariolf Kottmann and Dr Herbert Meyer. The other four members were re-elected to the Supervisory Board. In its constitutive meeting subsequent to the Annual Meeting, the Supervisory Board re-elected Andrew Richards as Chairman. Mr Richards was Executive Director of 3i Deutschland Gesellschaft für Industriebeteiligun-

gen GmbH until 2002 and has been working as a consultant since then. Also re-elected to the Supervisory Board were Professor Dr Günther Langenbucher, former member of the Board of Management of Ernst & Young, Philipp Möller, Managing Partner of Möller & Förster GmbH & Co. KG in Hamburg, and Gerhard Roggemann, Vice Chairman of the Supervisory Board of Deutsche Börse AG and Vice Chairman of UK-based corporate finance advisory firm Hawkpoint Partners Ltd. Shareholders elected all six Supervisory Board members by a vote of more than 97 percent each.

The change in the six-member Supervisory Board of Deutsche Beteiligungs AG also entails a change in the composition of the Board's Committees. In addition to Andrew Richards, the Executive Committee – which also serves as a Nominations Committee – consists of Dr Günther Langenbucher (Vice Chairman of the Supervisory Board) and Philipp Möller. Professor Langenbucher is Chairman of the Audit Committee (and 'Financial Expert'); the other Audit Committee members are Messrs Frobel, Richards and Roggemann. The Supervisory Board of Deutsche Beteiligungs AG consists exclusively of shareholders' representatives.

Analysts assess shares positively

The analysts monitoring our shares issued positive commentaries following the announcement of DBAG's financial metrics for the first quarter of 2010/2011 in mid-March and the reports from the portfolio. They confirmed their basically positive opinions on Deutsche Beteiligungs AG and their recommendations on our shares. To the extent that these were negative with a 'neutral' or – in one instance – 'underperform' recommendation, the reason given is the good valuation of DBAG shares, which are trading near their intrinsic value, in comparison to other listed private equity stocks; such opinions do not relate to the business model or the current position of Deutsche Beteiligungs AG. Analysts' ratings are regularly documented on our website at www.deutsche-beteiligung.de/IR.

Events after the end of the reporting period

The realisation of the Heim & Haus group was completed at the end of May. The value uplift associated with the divestment has been recognised in the interim financial report at 30 April 2011. The proceeds from the realisation were received for the most part in the third quarter. Also at the end of May, the new co-investment fund raised by Deutsche Beteiligungs AG, the DBAG Expansion Capital Fund, held a closing. Investors have committed 142 million euros to this fund.

There were no further events after the end of the reporting period that would have had a material impact on the earnings, financial or asset position of the Company.

Potential, rewards and risks

Confidence about portfolio companies' development; risk for valuations arising from changes in quoted markets

Our portfolio consists of very different companies. Many of them operate globally and have outstanding positions in their niche markets. Their businesses should profit from the general growth trend; nonetheless, many of these companies will not be 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. News from the German economy remains positive, but the optimism that has spread in Germany is not transferable to all of the world's major economic regions, and business activity may possibly lose some of its dynamism in the coming months.

Negative effects on the portfolio value may ensue not only directly from the portfolio companies' earnings and debt positions, but from changes in valuation ratios in the quoted markets as well. However, following a number of profitable realisations, the portfolio value in relation to equity is at present comparatively low. Liquid funds (including short- and long-term securities) remain high, and they will increase further in the near term following the two realisations. This momentarily puts into perspective the risk to net asset value per share arising from global economic developments, but also limits the potential for value growth.

Deutsche Beteiligungs AG, with its substantial liquidity position of 113.0 million euros and undrawn capital commitments to the DBAG Fund V and the DBAG Expansion Capital Fund, 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 risk management report of the Annual Report at 31 October 2010 therefore remains valid.

Report on expected developments: Positive contributions to net income from the portfolio in the course of the financial year

The companies in the portfolio of Deutsche Beteiligungs AG are well positioned in the competitive field. They are reporting good levels of order intake and have for the most part presented budgets for 2011 that exceed those of the previous year in key financial data. Whether or not this will give rise to a positive valuation result and a contribution to net income will – based on the valuation logic common to our sector – also considerably depend on future movements in the quoted markets, which are difficult to foresee, and the valuation ratios derived from them. This also applies to currency trends. Nevertheless, we are confident that DBAG's portfolio will deliver positive contributions to results in the course of this financial year.

For the period beyond this current financial year, we believe that Deutsche Beteiligungs AG is well equipped to take advantage of new investment opportunities as they arise, thereby laying the foundation for future value growth and attractive returns on equity.

Interim financial statements

at 30 April 2011

Consolidated income statement

for the period from 1 November 2010 to 30 April 2011

T€	1 Nov. 2010 to 30 Apr. 2011	1 Nov. 2009 to 30 Apr. 2010
Net result of investment activity		
Net result of valuation and disposal of investments and loans and receivables	25,016	23,068
Current income from investments and loans and receivables	491	2,742
Total net result of investment activity	**25,507**	**25,810**
Other income/expense		
Personnel costs	(7,557)	(6,180)
Other operating income	6,638	6,617
Other operating expense	(6,718)	(5,538)
Depreciation and amortisation on property, plant and equipment and intangible assets	(140)	(130)
Interest income	648	318
Interest expense	(146)	(160)
Total other income/expense	**(7,275)**	**(5,073)**
Net income before taxes	**18,232**	**20,737**
Income taxes	(5)	(28)
Net income after taxes	**18,227**	**20,709**
Minority interest (gains)/losses	(532)	(3,008)
Net income	**17,695**	**17,701**
Earnings per share in euros	1.29	1.29
Diluted earnings per share in euros	1.29	1.29

T€	1 Nov. 2010 to 30 Apr. 2011	1 Nov. 2009 to 30 Apr. 2010
Statement of comprehensive income		
Net income	**17,695**	**17,701**
Actuarial gains / (losses) on defined benefit plans / plan assets	(243)	(294)
Unrealised gains / (losses) on available-for-sale securities	(46)	0
Other comprehensive income	**(289)**	**(294)**
Total comprehensive income	**17,406**	**17,407**
Reconciliation of net income to consolidated retained profit:		
Net income	**17,695**	**17,701**
Profit carried forward from previous year	73,100	52,640
Dividend	(19,147)	(13,676)
Consolidated retained profit	**71,648**	**56,665**

Consolidated income statement

for the period from 1 February 2011 to 30 April 2011

T€	1 Feb. 2011 to 30 Apr. 2011	1 Feb. 2010 to 30 Apr. 2010
Net result of investment activity		
Net result of valuation and disposal of investments and loans and receivables	12,607	10,889
Current income from investments and loans and receivables	387	368
Total net result of investment activity	**12,994**	**11,257**
Other income/expense		
Personnel costs	(4,574)	(3,036)
Other operating income	3,809	3,281
Other operating expense	(3,647)	(2,576)
Depreciation and amortisation on property, plant and equipment and intangible assets	(70)	(65)
Interest income	383	152
Interest expense	(76)	(83)
Total other income/expense	**(4,175)**	**(2,327)**
Net income before taxes	**8,819**	**8,930**
Income taxes	(4)	(18)
Net income after taxes	**8,815**	**8,912**
Minority interest (gains)/losses	(1,131)	(520)
Net income	**7,684**	**8,392**

T€	1 Feb. 2011 to 30 Apr. 2011	1 Feb. 2010 to 30 Apr. 2010
Statement of comprehensive income		
Net income	**7,684**	**8,392**
Actuarial gains / (losses) on defined benefit plans / plan assets	(116)	(148)
Unrealised gains / (losses) on available-for-sale securities	(15)	0
Other comprehensive income	**(131)**	**(148)**
Total comprehensive income	**7,553**	**8,244**

Consolidated statement of financial position

at 30 April 2011

Assets

T€	30 Apr. 2011	31 Oct. 2010
Non-current assets		
Intangible assets	43	25
Property, plant and equipment	992	841
Investments	158,022	129,853
Loans and receivables	4,951	4,742
Long-term securities	102,825	102,912
Other non-current assets	5,790	5,897
Total non-current assets	**272,623**	**244,270**
Current assets		
Receivables	3,074	2,899
Short-term securities	0	14,084
Other financial instruments	22	22
Income tax assets	17,148	12,684
Cash and cash equivalents	10,131	23,749
Other current assets	6,067	18,404
Total current assets	**36,442**	**71,842**
Total assets	**309,065**	**316,112**

Shareholders' equity and liabilities

T€	30 Apr. 2011	31 Oct. 2010
Shareholders' equity		
Subscribed capital	48,533	48,533
Capital reserve	141,394	141,394
Retained earnings	10,599	10,888
Consolidated retained profit	71,648	73,100
Total shareholders' equity	**272,174**	**273,915**
Liabilities		
Non-current liabilities		
Provisions for pension obligations	145	0
Minority interest	15,861	15,669
Deferred tax liabilities	151	130
Total non-current liabilities	**16,157**	**15,799**
Current liabilities		
Other current liabilities	3,007	6,894
Tax provisions	2,025	2,675
Other provisions	15,702	16,829
Total current liabilities	**20,734**	**26,398**
Total liabilities	**36,891**	**42,197**
Total shareholders' equity and liabilities	**309,065**	**316,112**

Consolidated cash flow statement

for the period from 1 November 2010 to 30 April 2011

Inflows (+) / Outflows (-) T€	1 Nov. 2010 to 30 Apr. 2011	1 Nov. 2009 to 30 Apr. 2010
Net income	17,695	17,701
Valuation gains (-) / losses (+) on financial assets and loans and receivables, depreciation and amortisation on property, plant and equipment and intangible assets	(24,787)	(22,199)
Gains (-) / losses (+) from disposals of non-current assets	(76)	(454)
Increase (+) / decrease (-) in non-current liabilities	358	2,199
Increase (-) / decrease (+) in income tax assets, increase (+) / decrease (-) in tax provisions	(5,114)	346
Increase (-) / decrease (+) in other assets (netted)	12,269	(1,377)
Increase (+) / decrease (-) in other liabilities (netted)	(5,303)	(5,417)
Cash flows from operating activities	**(4,958)**	**(9,201)**
Proceeds from disposals of property, plant and equipment and intangible assets	0	7,060
Purchase of property, plant and equipment and intangible assets	(310)	(243)
Proceeds from disposals of financial assets and loans and receivables	5,152	44,094
Acquisition of non-current financial assets and investments in loans and receivables	(8,526)	(2,113)
Increase (-) / decrease (+) in securities	14,171	(53,757)
Cash flows from investing activities	**10,487**	**(4,959)**
Payments to shareholders (dividends)	(19,147)	(13,676)
Cash flows from financing activities	**(19,147)**	**(13,676)**
Change in cash funds from cash-relevant transactions	(13,618)	(27,836)
Cash funds at start of period	23,749	50,787
Cash funds at end of period	10,131	22,951

Consolidated cash flow statement

for the period from 1 February 2011 to 30 April 2011

Inflows (+) / Outflows (-) T€	1 Feb. 2011 to 30 Apr. 2011	1 Feb. 2010 to 30 Apr. 2010
Net income	7,684	8,415
Valuation gains (-) / losses (+) on financial assets and loans and receivables, depreciation and amortisation on property, plant and equipment and intangible assets	(12,507)	(10,352)
Gains (-) / losses (+) from disposals of non-current assets	(28)	(187)
Increase (+) / decrease (-) in non-current liabilities	1,277	1,523
Increase (-) / decrease (+) in income tax assets, increase (+) / decrease (-) in tax provisions	(1,713)	(143)
Increase (-) / decrease (+) in other assets (netted)	4,655	(2,780)
Increase (+) / decrease (-) in other liabilities (netted)	(635)	(4,322)
Cash flows from operating activities	**(1,267)**	**(7,846)**
Proceeds from disposals of property, plant and equipment and intangible assets	0	7,060
Purchase of property, plant and equipment and intangible assets	(195)	(152)
Proceeds from disposals of financial assets and loans and receivables	1,062	229
Acquisition of non-current financial assets and investments in loans and receivables	(8,057)	(4)
Increase (-) / decrease (+) in securities	36	(52,838)
Cash flows from investing activities	**(7,154)**	**(45,705)**
Payments to shareholders (dividends)	(19,147)	(13,676)
Cash flows from financing activities	**(19,147)**	**(13,676)**
Change in cash funds from cash-relevant transactions	(27,568)	(67,227)
Cash funds at start of period	37,699	90,178
Cash funds at end of period	10,131	22,951

Consolidated statement of change in shareholders' equity

for the period from 1 November 2010 to 30 April 2011

T€	1 Nov. 2010 to 30 Apr. 2011	1 Nov. 2009 to 30 Apr. 2010
Subscribed capital		
At start and end of period	**48,533**	**48,533**
Capital reserve		
At start and end of period	**141,394**	**141,394**
Retained earnings and other reserves		
Legal reserve		
At start and end of period	403	403
First adoption IFRS		
At start and end of period	15,996	15,996
Provisions for actuarial gains / losses on defined benefit plans / plan assets		
At start of period	(5,269)	(2,204)
Change in the reporting period	(243)	(294)
At end of period	(5,512)	(2,498)
Revaluation reserve for unrealised gains / losses on available-for-sale securities		
At start of period	(242)	0
Change in the reporting period	(46)	0
At end of period	(288)	0
Retained earnings and other reserves at end of period	10,599	13,901
Consolidated retained profit		
At start of year	73,100	52,640
Dividend	(19,147)	(13,676)
Net income	17,695	17,701
At end of period	71,648	56,665
Total	**272,174**	**260,493**

Condensed notes to the interim financial statements

for the first six months of the 2010/2011 financial year

1. Basis of preparation

Deutsche Beteiligungs AG has prepared these consolidated interim financial statements at 30 April 2011 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 30 April 2011 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 2010 (see pages 97ff. of the Annual Report).

For the first time in the presentation of the consolidated financial statements at 31 October 2010, actuarial gains and losses arising from defined benefit plans and from plan assets have been recognised directly in equity through other comprehensive income. The change in the accounting treatment requires restating the comparative period. For the first six months of the preceding 2009/2010 financial year, the change retrospectively had the following effects:

T€	Amount (declared)	Change in accounting treatment	Amount (restated)
Other non-current assets / (Pension provisions)	2,323	(2,475)	(152)
Retained earnings and other reserves	16,399	2,498	13,901
Personnel costs	6,180	(23)	6,157
Other comprehensive income / Actuarial gains / (losses) on plan assets	0	(294)	(294)

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 preceding section of this 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 the preceding section of this 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 six months of financial year 2010/2011.

7. Dividends paid

A dividend of 0.40 euros per no-par value share and a surplus dividend of 1.00 euro per no-par value share (total of 19,146,902.60 euros) were paid in the second quarter of financial year 2010/2011.

8. Segment information

Segment information is not reportable, since only one segment exists (see description in the Annual Report 2009/2010, page 118).

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; and Dr Scheffels 10,290. Of the members of the Supervisory Board, Mr Philipp Möller holds 1,000 shares in Deutsche Beteiligungs AG.

Minority interest amounting to 0.6 million euros for the first six months of 2010/2011 contains a negative partial amount of -1.3 million euros that derives from a related party's former superior profit share entitlement, which has partly expired. The expiry of this profit entitlement led to an increase in net income. The profit entitlement arose from an indirect investment in the portfolio companies of DBAG Fund V by the investment team of Deutsche Beteiligungs AG; this investment was effected through a related party. Following new investments by DBAG Fund V, the conditions for this profit entitlement no longer exist.

Apart from this, there were no other related party transactions in the first six months of the 2010/2011 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 2010 (see pages 96f. of the 2009/2010 Annual Report).

11. Changes in contingent liabilities and contingent assets

In the first half of financial year 2010/2011, 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 half of financial year 2010/2011.

Following the regular elections of all members to the Supervisory Board by shareholders at the Ordinary Annual Meeting on 23 March 2011, the composition of the Supervisory Board of Deutsche Beteiligungs AG has changed. After Dr Hariolf Kottmann and Dr Herbert Meyer announced that they would not be standing for re-election, shareholders elected Mr Roland Frobel and Dr Hendrik Otto as new members and re-elected Professor Dr Günther Langenbucher, Philipp Möller, Andrew Richards and Gerhard Roggemann to the Supervisory Board.

13. Material events after the end of the reporting period

Please refer to the preceding section of this interim report.

14. Audit/review

The condensed half-yearly financial statements and management's condensed report at 30 April 2011 were neither audited in conformity with § 317 HGB (German Commercial Code), nor reviewed by an independent auditor in accordance with § 37w WpHG (German Securities Trading Act).

Statement of responsibility

We confirm to the best of our knowledge and consistent with the applicable reporting principles for interim financial reporting that the consolidated interim financial statements give a true and fair view of the asset, financial and earnings position of the Group and that management's report presents a true and fair view of the business development and the position of the Group, including a discussion of the material risks and rewards associated with the Group's expected development for the remaining part of the financial year.

Frankfurt am Main, 9 June 2011

The Board of Management

Wilken Freiherr von Hodenberg

Torsten Grede

André Mangin

Dr Rolf Scheffels

Portfolio companies

We invest in

- future-geared companies in select sectors, predominantly operating in capital goods industries and industrial services
- established companies with profitable business models, and
- companies with excellent prospects for development

Company	Revenues (2010) €mn	Number of staff	Core business
Clyde Bergemann Group Wesel/Glasgow/Delaware www.clydebergemann.de	US$469 mn (FY 2009/2010)	1,500	A developer and manufacturer of components for coal-fired power plants; Markets: worldwide
Coperion GmbH, Stuttgart www.coperion.com	347	1,700	A developer and manufacturer of compounding systems and bulk-materials handling equipment; Markets: worldwide
Coveright GmbH, Düsseldorf www.coveright.com	210	650	A developer and manufacturer of impregnated films for the furniture and building industries; Markets: worldwide
FDG Group, Orly, France www.fdg.fr	107	750	Non-food category management for supermarkets in select product lines; Markets: France and neighbouring countries
Grohmann GmbH, Prüm www.grohmann.com	65	550	A developer and provider of plants for industrial automation; Markets: Europe
Homag Group AG, Schopfloch www.homag-gruppe.de	718	5,050	A provider of woodworking machines and plants for the furniture and construction supplies industries; Markets: worldwide
ICTS Europe Holdings B.V., Amsterdam (NL) www.ictseurope.com	336	10,000	A provider of security services for aviation and other areas; Markets: worldwide
JCK Holding GmbH Textil KG, Quakenbrück www.jck.de	467	782	A marketer of textiles; Markets: Germany
Preh GmbH, Bad Neustadt an der Saale www.preh.de	345	2,300	A developer and manufacturer of sophisticated driver operating and control elements for cars; Markets: Europe, USA
Romaco Group, Karlsruhe www.romaco.com	79	450	A developer and manufacturer of packaging machines for the pharmaceutical industry and of processing lines for the food, cosmetics and health-care sectors

Financial calendar

Financial calendar 2011

LPEQ Investor Conference, London	14 June 2011
Road show London	15 June 2011
Report on the third quarter 2010/2011, Analysts' Conference Call	14 September 2011
Road show Austria, Scandinavia	September 2011
German Equity Forum, Frankfurt am Main	November 2011

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 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: 9 June 2011

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

Shareholder information

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