Deutsche Beteiligungs AG

Interim Report >

at 30 April 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		**1st half year 2012/2013**	1st half year 2011/2012	**2nd quarter 2012/2013**	2nd quarter 2011/2012
New investment [1]	€mn	14.4	21.1	0	15.0
IFRS carrying amount of investments (30 April) [1]	€mn	134.4	126.6		
Number of investments (30 April)		16 [2]	18		
EBIT	€mn	19.8	27.5	12.0	20.8
Earnings before taxes (EBT)	€mn	19.9	28.4	12.0	21.3
Consolidated net income	€mn	18.9	27.7	11.4	20.9
Consolidated retained profit	€mn	73.4	54.1		
Equity (30 April)	€mn	268.7	255.5		
Cash flows from operating activities	€mn	(7.4)	(11.0)	(7.0)	(7.5)
Cash flows from portfolio investments	€mn	(11.8)	(21.1)	0	(15.0)
Cash flows from financing activities	€mn	(16.4)	(10.9)	(16.4)	(10.9)
Change in cash funds	€mn	27.3	(10.0)	(21.1)	(18.1)
Earnings per share [3]	€	1.39	2.03	0.84	1.53
Net asset value (equity) per share	€	19.65	18.68		
Change in net asset value per share [4]	%	7.6	12.1		
Employees (30 April)		54	52		

[1] Without shelf companies and companies mainly attributable to third parties
[2] Without Formel D, Stephan Machinery and inexio: although these investments were agreed in the second quarter, they were only completed after the end of the period
[3] Relative to weighted number of shares outstanding in each period
[4] 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

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INVESTMENT ACTIVITY REMAINS BRISK

Dear Shareholders,

The portfolio of Deutsche Beteiligungs AG is set to grow again. Following two new investments in the first quarter, we have signed another three investment agreements since the beginning of February: Formel D is a services provider to the automotive industry; we acquired the majority in the company alongside the DBAG Fund V. DBAG and the Fund will also hold the majority in Stephan Machinery, which designs and builds machines for the food industry. Finally, inexio, which brings broadband connectivity to rural areas, expects to continue its history of rapid growth and expand its excellent market position with financing from DBAG and the DBAG Expansion Capital Fund. Thus, in the first half of the financial year we took investment decisions amounting to some 120 million euros. Approximately 27 million euros of that are attributable to DBAG itself. With these investment agreements, we again enlarged the portfolio and laid the foundations for future value gains. These new investments have meanwhile been completed.

The existing portfolio developed very satisfactorily over the first half-year. DBAG also ended the second quarter of the 2012/2013 financial year with positive results and thus achieved consolidated net income of 18.9 million euros for the six-month period. The gain in net income stems from the stability of our portfolio companies, but also from the favourable sentiment in the stock markets, which is reflected in higher valuation multiples. The gain also mirrors the fact that the net expense ratio has improved as planned. Net asset value per share was 19.65 euros at 30 April 2013, or an increase of 0.19 euros per share on the opening amount at the start of the financial year. On 27 March 2013, we paid a total dividend of 1.20 euros per share (a dividend of 0.40 euros and a surplus dividend of 0.80 euros); net asset value per share thus grew by 1.39 euros per share, or 7.6 percent, over the half-year period.

Of the 18.9 million euros in consolidated net income, 11.4 million euros were recorded in the second quarter. For the first half of the preceding 2011/2012 financial year, DBAG posted consolidated net income of 27.7 million euros (thereof second quarter: 20.9 million euros) and an increase in net asset value per share of 12.1 percent. However, the preceding year contained a one-off effect: following a decision by the fiscal authority, we were able to reverse provisions of 11.0 million euros that had previously been made for exposure to tax risk.

Nearly all portfolio companies not valued at acquisition cost because of their short holding period in the portfolio contributed to the half-yearly result. Now that the first months of the year have gone by, the data confirms that the budgets framed by these companies are sound. The companies are implementing their agreed plans of action, which serve as the basis for many expected improvements such as in operational processes. However, the data from the portfolio companies also reflects an easing of business dynamism in key regions and the persistent crisis in southern Europe.

The greatest value gain in the six-month period came from our largest investment, Homag Group AG, a listed company. The price of Homag shares increased from 9.95 euros at the outset of the financial year to 10.82 euros at the end of the first quarter and to 14.21 euros at the end of the second quarter. This equates to a value gain of 12.3 million euros, which represents more than half of the net result of valuation and disposal totalling 23.1 million euros. The second-largest contribution came from Coveright Surfaces Holding following the sale of its last remaining business operations. We gave an in-depth account of this transaction in the first-quarter interim report.

The price rise of more than 40 percent for Homag shares is undoubtedly due in part to the general positive sentiment on the stock markets. However, we believe it also shows that the stock market approves of the company's strategy and its stringent implementation by Homag's management. In our first-quarter report, we announced that DBAG and its managed funds had increased their interest in Homag to 39.5 percent, with DBAG now holding 20.1 percent or 3.2 million shares; that means a rise or fall of one euro in Homag's share price results in a positive or negative change of 3.2 million euros on DBAG's balance sheet.

Letter to Shareholders >

The second quarter saw the completion of the generational change on DBAG's Board of Management. More than a year ago, Wilken von Hodenberg announced that, after serving for almost 13 years, he would be stepping down as the Spokesman of the Board of Management after the Annual Meeting in March 2013. We are very pleased that he will remain closely associated with Deutsche Beteiligungs AG as a member of the Supervisory Board. As announced, André Mangin also left DBAG's Board of Management at the end of March. He was initially appointed to the Board at the beginning of 2004 and will remain affiliated with us in an advisory capacity. The change on the Board also entailed a new allocation of responsibilities: Torsten Grede, the Spokesman of the Board of Management, and Dr Rolf Scheffels have taken over responsibility for the investment business; Susanne Zeidler has taken on the position of Chief Financial Officer and is also responsible for the Legal, Human Resources/Organisation/IT departments as well as Investor Relations. This new division of responsibilities provides a solid foundation for moving our business forward sustainably and successfully.

We expect to take further positive investment decisions in the coming months and complement the portfolio by adding new attractive companies. We have ample resources in place for that: even after completing our most recently agreed investments Deutsche Beteiligungs AG will have more than 100 million euros at its disposal and is therefore well positioned for further acquisitions. Additionally, more than 700 million euros are available for investment through the two co-investment funds, the DBAG Fund VI for buyouts and the DBAG Expansion Capital Fund for expansion financings.

As previously mentioned, the key contributors to the gain in consolidated net income in the first half-year are the rise in the price of Homag shares and the successful divestment of Coveright's operations in South America – events that cannot be expected every quarter. We again want to point out that the results achieved to date cannot be used to extrapolate results for the entire financial year. Following numerous profitable realisations in recent years and, on the other hand, the investment decisions of the past 18 months – five management buyouts and two expansion capital investments since the start of 2012 – the current portfolio is relatively young. Value growth will only ensue over time, as is to be expected.

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 both the economic environment and on other factors – such as the sentiment in the stock markets at the reporting dates – that are, of course, difficult to foresee. If, for instance, valuation ratios should deteriorate markedly, this could counter the value growth achieved to date.

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 as a financial investor in a focused-partnership role. It pursues the objective of appreciating the value of its portfolio companies. Subsequent to the holding period, the portfolio companies take the next step in 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 – usually for a period of four to seven years.

The investment performance of Deutsche Beteiligungs AG 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 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. Over this ten-year period, we aim to increase the net asset value per share on average 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: Price competition in the buyout market; uncertainty over euro crisis

Sentiment in Germany's private equity market has been upbeat recently: at 31 March 2013, the "German Private Equity Barometer", an indicator that has been polled for more than ten years by KfW Bankengruppe and BVK German Private Equity and Venture Capital Association, again scored above its long-term average. This indicator surveys views on current business conditions and expectations for the following six months. In the final quarter of 2012 the indicator showed a setback, falling below the long-term average. The recent upswing in sentiment is founded on a considerably brighter business outlook for private equity companies and, to a lesser extent, on an improvement in current business conditions. The demand for private equity, the quality of investment opportunities and entry valuations in particular were largely assessed to be good or very good. Respondents also emphasised the historically low interest rates, which benefit leveraged acquisition finance. The survey also disclosed that the availability of bank loans has noticeably improved lately.

We take a more differentiated view of market activity. In the segment in which we choose to operate – that of investments in larger mid-sized companies – we are currently observing two separate partial markets. On the one hand, we find comparatively few standard situations with companies up for sale that are considered to be recession-resistant and have a low need to realign operations. There is an intense (price) competition for these companies, indicating that larger buyout funds, with the end of their funds' term in mind, are looking to live up to their investors' investment expectations. Low interest-rate levels additionally spur vendors' high purchase price expectations. On the other hand, we see numerous investment opportunities in (possibly smaller) companies that are considered less recession-resistant or that are faced with realignment challenges within their operations. Transactions on such companies take longer and are more difficult to make. One of the reasons is that momentarily banks are hardly willing to provide acquisition finance for certain sectors. In this environment, we benefit from our long years of experience and our large investment team, in that we have developed our own understanding of many business models and are better able to judge transaction opportunities. Not least, the five buyouts we agreed and financed over the last 18 months attest to that. Our long investment history has inspired confidence in us and facilitates accessing bank finance. Even in this competitive market phase, our investment team is able to look into an ample number of attractive investment opportunities.

The performance of our portfolio companies also depends on underlying economic conditions. Recently – in autumn of 2012 – these had deteriorated, evidenced by reports of lower order intake by German companies, receding industrial output in Germany and a slowdown in exports. Although the recession that many market observers expected in Germany failed to materialise, the already meagre growth forecast was lowered again lately. An improvement in growth expectations is conditional upon the eurozone crisis not escalating. That uncertainty is partially weighing on our portfolio companies' business for reasons such as the drop in private consumption in some eurozone countries or hesitant demand for capital goods.

Overall, however, the underlying conditions for our portfolio companies, which are mostly globally positioned and not dependent on individual geographical markets, remain satisfactory.

Staff

At the end of the quarterly period, DBAG employed a staff of 49 (without members of the Board of Management), plus five apprentices. One year ago, the staff numbered 47 and there were also five apprentices.

FINANCIAL PERFORMANCE

Earnings position: Very gratifying net result of valuation; reduction in net expense ratio

Deutsche Beteiligungs AG recorded a consolidated net income of 18.9 million euros in the six-month period ended 30 April 2013; of that amount, 11.4 million euros are attributable to the second quarter. The consolidated net income for the half-year equates to earnings per share of 1.39 euros. Adjusted for the dividend and surplus dividend totalling 1.20 euros per share paid in March, net asset value per share was up from 19.46 euros at 31 October 2012 to 19.65 euros at 30 April 2013. That represents a total return on net asset value of 7.6 percent. The preceding year's six-month period ended with consolidated net income of 27.7 million euros (thereof second quarter: 20.9 million euros), while net asset value gained 12.1 percent.

The consolidated net income is ordinarily defined largely by the net result of investment activity; it consists of the net result of valuation and disposal and current income from financial assets. In the previous year, however, a positive one-off effect of 11.0 million euros arising from the reversal of provisions for exposure to tax risks, which was recognised in other income/expenses, delivered a significant contribution to income. Adjusted for this one-off effect, the consolidated net income for the six months to 30 April 2013 exceeded that of the comparative period the prior year by 2.2 million euros.

The half-yearly net result of valuation and disposal (23.1 million euros, after 23.6 million euros for the same period in the previous year) was driven by positive value movements for nearly all of the portfolio companies that are not valued at cost, as is the case for recent acquisitions. At 30 April 2013, these were Heytex and PSS – the investments in Formel D, Stephan Machinery and inexio were completed after the end of the reporting period. The value gain is based on stable earnings and lower debt. In valuing the investments, we took into account that budgets early in the year are subject to greater uncertainty than in the second half of the year. Part of the value appreciation also came from the upbeat sentiment in the stock markets recently; the multiples we use for valuation purposes were higher than those at 31 October 2012. The valuation gain is spread unevenly across the portfolio companies: the investment in Homag Group AG accounts for 12.3 million euros of the net result of valuation and disposal, or 53 percent; the investment's acquisition cost, however, amounts to less than a quarter of the total portfolio cost. The second-largest contributor to net income stems from the divestment by Coveright Surfaces Holding of its last remaining operations; a detailed account of this transaction can be found in the interim report on the first quarter.

Current income from financial assets reached 0.6 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. Overall, however, current income from financial assets is of subordinate significance, in light of a portfolio consisting predominantly of buyouts.

The key expense items developed as planned. Personnel costs were somewhat lower year-on-year. For the six-month period, they totalled 6.7 million euros (thereof second quarter: 3.3 million euros; previous year: 7.1 million euros and 4.2 million euros, respectively). Provisions for bonus payments based on the results of the first six months are contained in these costs. Other operating expenses (7.7 million euros; thereof second quarter: 4.6 million euros) increased slightly (previous year: 7.1 million euros and 3.7 million euros, respectively). This item largely relates to

advisory services, such as in conjunction with investment transactions. Large parts of these costs are reimbursable by the co-investment funds concerned, based on the percentage holding. Reimbursements are recorded in other operating income. In the first six months of the current financial year, expenses for advisory services were clearly higher than in the previous year in view of the Company's brisk investment activity. The prior year's amount was burdened by special charges for fundraising activity for the new buyout fund.

Other operating income of 10.7 million euros was well below the equivalent period's 18.2 million euros; this item, however, was unusually high last year, due to the one-off effect previously mentioned that relates to the reversal of provisions (11.0 million euros). Adjusted for this effect, other operating income improved by more than three million euros. About half of that amount is attributable to a structural change that will sustainably improve DBAG's net expense ratio. DBAG Fund V ended its investment phase in mid-February 2013; since then, fees for investment services are no longer paid based on capital commitments, but on the capital that is still invested. By contrast, DBAG Fund VI began its investment period, giving rise to fee income for investment services. These fees are measured by the capital commitments to the fund, which are higher in comparison to Fund V. Also mirrored in the six-month period is higher income from reimbursed costs (2.5 million euros, following 0.9 million euros in the same period the year before).

Net interest totalled 0.1 million euros in the six months to 30 April 2013, achieved almost exclusively in the first quarter. This is in consequence of the markedly low returns currently attainable in the money market.

Other income/expense items ("Total other income/expenses") amounted to -3.8 million euros for the half-year, of which -1.2 million euros are attributable to the second quarter. Adjusted for net interest (0.1 million euros) and follow-on fundraising expenses (-0.1 million euros), net expenses remain unchanged at -3.8 million euros. This equates to a net expense ratio of 1.4 percent of the average net assets. In 2011/2012, total other income/expenses amounted to 4.7 million euros at 30 April (thereof second quarter: 6.7 million euros). Adjusted for net interest (0.9 million euros), the one-off effect from the reversal of provisions (11.0 million euros) and fundraising costs (-1.7 million euros), the previous year's net expenses amounted to 5.5 million euros, corresponding to a net expense ratio of 2.2 percent of average net assets.

Other comprehensive income, which includes actuarial gains and losses arising from defined benefit obligations ("Pensions"), are near zero (previous year: -0.2 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 up following proceeds from disposals

The liquid asset position of Deutsche Beteiligungs AG at 30 April 2013 consisted of two components: cash totalling 50.0 million euros and interest-bearing securities (73.1 million euros). These financial resources declined by 24.0 million euros in the second quarter: dividends of 16.4 million euros were paid to shareholders in March; further outflows relate to performance-linked income payments and to general operating expenses. The investments agreed in the second quarter were not yet completed by the end of the period on 30 April 2013 and therefore did not prompt outflows in the period. The six months to 30 April 2013 saw proceeds from disposals (50.7 million euros), and 11.8 million euros were spent on new investment.

Financial resources (liquid assets and securities) totalling 123.1 million euros at the period ended 30 April 2013 were up by 17.3 million euros on the beginning of the year (31 October 2012: 105.8 million euros). There are still no liabilities to banks.

Asset position and portfolio development: New investment decisions

There was no change to the portfolio during the second quarter. We agreed three investments, as reported. However, the conditions for the completion of the investment agreements had not yet been fulfilled at the reporting date. The investments will therefore become effective in the third quarter.

Formel D (www.formeld.com) provides services to automobile manufacturers and suppliers along the entire product creation process – from a vehicle's development and production to after-sales activities. The company advises customers and provides both on-site staff and complete technical solutions. Formel D focuses on production-related services that address quality issues. In 2012, Formel D generated revenues of approximately 130 million euros. The company currently employs a staff of 2,500, more than half of whom are located in Germany. Its headquarters are sited in Troisdorf (North Rhine-Westphalia), Germany. DBAG acquired Formel D GmbH alongside DBAG Fund V in a management buyout.

One typical example of Formel D's services is quality assurance for production processes; Formel D conducts quality checks of incoming goods on site at carmakers or their suppliers to identify and, if appropriate, eliminate components that may be faulty. The second-largest business field covers re-tooling and post-processing work on manufactured vehicles as well as the construction of special models and test vehicles. The third major business field goes back to the company's roots: technical documentation. These activities include operating manuals or literature used by car repair shops for maintenance or repair work, as well complete warranty management.

Backed by DBAG, a generational change is now taking place in this formerly family-owned business. Today's management team intends to move the company forward in line with its past pattern of rapid growth. To that end, it banks on the fact that Formel D and its range of services is an exact fit for the needs of the automotive industry: in an environment of growing complexity, ever more model variants and shorter product life cycles, quality and productivity need to be optimised.

The transaction was completed in May. DBAG invested 10.4 million euros and now holds a 15.1 percent interest in Formel D. Another 62.4 percent are held by DBAG Fund V. The remaining shares are owned by the management team and the founders.

DBAG also acquired **Stephan Machinery** GmbH ("Stephan") alongside DBAG Fund V. This is the Fund's eleventh investment and ends its investment period. Stephan (www.stephan-machinery.com) designs and builds machines for food production processes. In 2012, the company generated revenues of about 42 million euros. Its machines provide cutting-edge technology and are used for thermal processing of liquid or semi-liquid food products such as sauces, soups or baby food. Contrary to most other competitors, Stephan has its own engineering centre whose competency extends to designing complete plants. Stephan is therefore able to offer customers integrated production line solutions. The company's proprietary process machines form the core technology, whereas procurement components are employed for upstream and downstream process steps, such as dispensing basic ingredients and the final packaging. DBAG is very familiar with business models such as this from its portfolio company Romaco. Romaco's subsidiary Fryma-Koruma partially serves the same groups of customers, but provides machinery for cold processing of food products. Both processes are complementary in food production.

Stephan's customer base encompasses all major international food producers in the product segments it serves, as well as key clients in growth markets. This documents Stephan's leading position in its – partly small – niche markets. Stephan is, for instance, the strongest global competitor among internationally operating machinery providers in the segment of processed cheese technology, boasting a market share of 30 percent.

Stephan was founded in 1953 as a family-owned business in Hameln, near Hanover, Germany, but most recently belonged to an Italy-based group. Stephan employs a staff of 180, of whom 120 work in production, assembly and engineering at its headquarters in Hameln. The company operates a development centre in the vicinity of Hamburg; almost 50 employees are located at sales offices in France, Great Britain, Belgium, Poland, Russia, Singapore and the US.

The case for this investment is the company's market position and excellent prospects. Stephan possesses systems competence and is the leading provider in a highly attractive segment of the food industry. The food market is stable and segments that are relevant for Stephan, such as convenience foods and baby food, are growing. Added to that is the growth in emerging countries. The aim is to tap new markets and expand the company's technological leadership.

By investing in **inexio** (www.inexio.net), DBAG and the DBAG Expansion Capital Fund will be financing the build-out of high-speed Internet connections. Through the infusion of fresh capital, inexio Informationstechnologie und Telekommunikation KGaA intends to become one of the largest providers of broadband connectivity in rural areas of southern Germany. Currently, inexio, which is headquartered in Saarlouis, serves some 1,800 business clients and approximately 20,000 private customers primarily in the German states of Rhineland-Palatinate and Saarland. inexio has continually enlarged its customer base by investing in fibre-optic networks – in an infrastructure that is maintainable long-term and has growing user volumes which will secure an attractive source of income in the future.

The company focuses on rural areas large parts of which are still without speedy Internet access. At the same time, Internet use is growing continually. Particularly industrial businesses are ever more dependent on Internet connections that enable high-speed data transfer. Mayors and district authorities in rural areas therefore often endeavour to bring advanced communication services to their communities or regions, and inexio is one of the strong providers in this market environment in Germany.

The equity investment by DBAG and its co-investment fund will increase the company's equity ratio and thereby facilitate access to further financing to fund expansion into additional communities in southern Germany. DBAG and the Fund have subscribed to a capital increase for ten percent of the shares and will, moreover, provide profit participation capital. A total of 10.0 million euros will be invested, of which 4.2 million euros will be provided by DBAG. The majority shareholders are the company founders.

inexio has grown rapidly. Founded in 2007, the company recorded total output of about 20 million euros in its 2011/2012 financial year (30 September). It is expected to rise to some 30 million euros this current financial year, and further strong growth is forecast. The company's expansion is rooted in the attractiveness of its offering, which differs from that of other competitors in rural regions. Unlike other mobile network providers as well as providers whose services are based on traditional (copper cable) networks of Deutsche Telekom, inexio supplies high-speed Internet access and landline telephony over a fibre-optic network. This premium offering gives inexio a unique positioning regionally.

At the end of the quarterly period, the portfolio of Deutsche Beteiligungs AG contained 16 investments. **Coveright** is no longer included; having divested the last of its operating entities, its South American operations (Coveright do Brasil), at the end of January 2013, Coveright Surfaces Holding is now winding up representations and warranties from the sale of its individual operations. The company has retained commensurate provisions for these warranties, which will result in a corresponding valuation of this investment in the accounts. But since Coveright no longer has an operating business, this investment will be considered as being disposed.

We measure the fair value of our investments on the basis of our 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 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 30 April 2013, the following ten alphabetically ordered investments were the largest of the 16 in the portfolio, measured by their IFRS value. They account for nearly 90 percent of the total portfolio value. An extended list of investments is presented on page 40 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
DBG Eastern Europe II L.P.	4.4	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
Harvest Partners IV	2.3	9.9	Expansion capital	Buyout funds
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

The portfolio value – the major part of financial assets – declined in the half-year from 143.3 million euros at 31 October 2012 to 134.3 million euros at 30 April 2013. At the last closing date, the portfolio still contained the investment in Coperion with a value of 41.7 million euros; Coperion's realisation was agreed prior to that reporting date, but the transaction was only completed thereafter. Adjusted for this effect, the portfolio value grew, reflecting the new investments as well as the value gains for the other portfolio companies. Management buyouts account for 83.6 percent of the current portfolio value of 134.3 million euros. Another 8.9 percent are attributable to expansion capital investments, and 7.5 percent fall to international buyout funds.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

Agreed new investments now completed

The investment in Formel D GmbH was completed at the beginning of May, upon receiving approval by the cartel authorities; DBAG invested 10.4 million euros. Early in the third quarter, the funds for the acquisition of Stephan Machinery GmbH and the investment in inexio Informationstechnologie und Telekommunikation KGaA were drawn down and invested. DBAG invested 3.5 million euros in the purchase of Stephan Machinery GmbH and now holds a 19.0 percent interest. Another 78.5 percent are held by DBAG Fund V, with the remaining interests owned by the company's management. The sum of 1.7 million euros was spent in a first funding round for the investment in inexio, with the DBAG Expansion Capital Fund investing another 2.5 million euros. DBAG now holds a 4.2 percent interest in inexio. At the beginning of the third quarter, there were outflows of 15.7 million euros for these three new investments.

SHARES

Share price lagging behind market trend

Over the first months of the new financial year, DBAG shares largely moved in parallel to the market, but underperformed the S-Dax with its strong gains. At the end of the six-month period, the price trend of DBAG shares had also underperformed in comparison to the other two benchmark indices, the Dax and the LPX Direct. On 30 April 2013, DBAG shares closed at 18.43 euros in Xetra trading, which represents a loss of over one euro against the outset of the financial year. However, considering the dividend of 1.20 euros per share paid on 27 March 2013, DBAG shares delivered a performance of 2.2 percent. The benchmark indices rose by 7.8 percent (Dax) and 15.1 percent (S-Dax and LPX Direct [1]). Over the longer term, our shares clearly outpaced the benchmark indices (see chart). During the first two quarters, DBAG shares largely traded at a premium to the reported net asset value per share, the key performance measure for listed private equity companies. Since early April, the Company's shares have been trading at a discount to net asset value; the discount, however, is clearly below the average discount for comparable stocks.

Performance of DBAG shares and benchmark indices
(1 November 2008 to 12 June 2013, Index: 1 November 2008=100)

[1] The LPX Direct tracks the performance of 28 listed private equity companies with a business model similar to that of DBAG.

Marked increase in trading volume

The liquidity of DBAG shares increased considerably in the second quarter of the current financial year. Averaging nearly 950,000 euros and almost 47,000 shares daily, trading volume in DBAG shares in the second quarter was almost twice as strong as it was in the first quarter of 2012/2013. Trading activity was also significantly higher compared with the previous year, when daily turnover averaged some 14,000 shares valued at about 223,000 euros. In the first half of the current financial year, almost 34,000 shares with a value of 683,000 euros were traded on a daily average, two-and-a-half times as many as in the same period last year. In addition to the stock exchanges, a further 23,100 shares were traded on a daily average from November 2012 to April 2013 through banks' direct transactions and on new electronic trading platforms. [2] Based on voting rights notifications and the dialogue with institutional investors, we know that three major shareholders reduced their interests via the stock exchange during the half-year period. Another shareholder, however, increased his holding to more than five percent. The free float portion is now 70.0 percent

DBAG share data

		Q2 2012/13	Q2 2011/12	Q2 2010/11	Q2 2009/10	Q2 2008/09
Closing rate start of quarter	€	20.30	16.84	21.19	17.99	12.46
Closing rate end of quarter	€	18.43	16.75	19.83	17.36	10.00
High (closing rate)	€	21.93	18.38	21.51	19.85	12.51
Low (closing rate)	€	17.59	16.09	19.36	17.00	9.00
Market capitalisation – total	€mn	252.1	229.1	271.2	237.4	136.8
Average volume per trading day	No.	20,641	22,466	30,990	15,980	46,693
Average turnover per trading day	€mn	0.645	0.407	0.638	0.272	0.947

[2] Source: Bloomberg

Market capitalisation of DBAG shares reached 252.1 million euros at 30 April 2013, of which 176.3 million euros were in free-float ownership (as defined by Deutsche Börse AG). By market capitalisation of the free float, DBAG shares ranked 32nd (31 October 2012: 24th) among the 50 stocks indexed in the S-Dax.

Analysts monitoring DBAG shares have in part corrected their opinions in light of the price trend, which has recently shown little dynamism, and have again given DBAG shares a "buy" recommendation. Analysts' ratings are regularly documented on our website at www.deutsche-beteiligung.de/IR.

Changes to Board of Management and Supervisory Board

The 2013 Ordinary Annual Meeting took place on 26 March 2013; a total of 46.8 percent of the voting share capital was represented at the Meeting. Concurrently with the conclusion of the Annual Meeting, Professor Dr Günther Langenbucher retired from his office on the Supervisory Board, having reached the statutory age limit. With a vote of more than 99 percent, shareholders elected the former Spokesman of the Board of Management of DBAG, Wilken von Hodenberg, to the Supervisory Board as its new member. He had previously announced his resignation from the Board of Management, effective at the end of the Annual Meeting. At the end of March 2013, André Mangin – as was reported – also stepped down from the Board of Management of Deutsche Beteiligungs AG.

The changes on the six-member Supervisory Board of Deutsche Beteiligungs AG also entailed changes in the composition of its Committees. In his capacity as Vice Chairman of the Supervisory Board, Gerhard Roggemann is now also a member of the Executive Committee, which also serves as a Nominations Committee. As before, the other members are Supervisory Board Chairman Andrew Richards and Philipp Möller. Mr Roggemann, as the "financial expert", now chairs the Audit Committee; the other members are Dr Hendrik Otto (new) and (as before) Andrew Richards and Roland Frobel. The Supervisory Board of Deutsche Beteiligungs AG consists exclusively of shareholders' representatives.

Shareholders at Annual Meeting approve conversion to registered shares and consent to recommended profit appropriation

The shareholders also adopted the recommended appropriation of the retained profit by a large majority, enabling the payment of a dividend – 1.20 euros per share, or a total of 16.4 million euros – the day after the Annual Meeting. Shareholders also approved new arrangements for the remuneration of the members of the Supervisory Board; they will become effective starting next financial year and provide for remuneration on a fixed fee-only basis for service on the Supervisory Board. The new arrangements comply with the revised recommendation in Corporate Governance.

Shareholders also voted by a large majority to convert the shares of Deutsche Beteiligungs AG from bearer shares to registered shares. Arrangements for the conversion have reached an advanced stage. The first day of trading in registered shares will presumably be 1 July 2013; they will be traded under securities identification number A1TNUT (ISIN: DE000A1TNUT7). For more information on the conversion to registered shares, visit DBAG's Internet site at www.deutsche-beteiligung.de/IR.

Takeover-related disclosures

Prior to the Annual Meeting, Deutsche Beteiligungs AG and Rossmann Beteiligungs GmbH concluded a decontrol agreement. Rossmann had announced that it holds 25.04 percent of the voting shares in DBAG. According to the agreement, Rossmann Beteiligungs GmbH undertakes to exercise, for resolutions concerning the election or dismissal of Supervisory Board members, the voting rights attached to shares in DBAG attributable to the Rossmann group as a whole, now and in the future, within a scope of no more than 45 percent of the voting capital present at an Annual Meeting. The agreement is valid for a term of five years.

OPPORTUNITIES AND RISKS

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

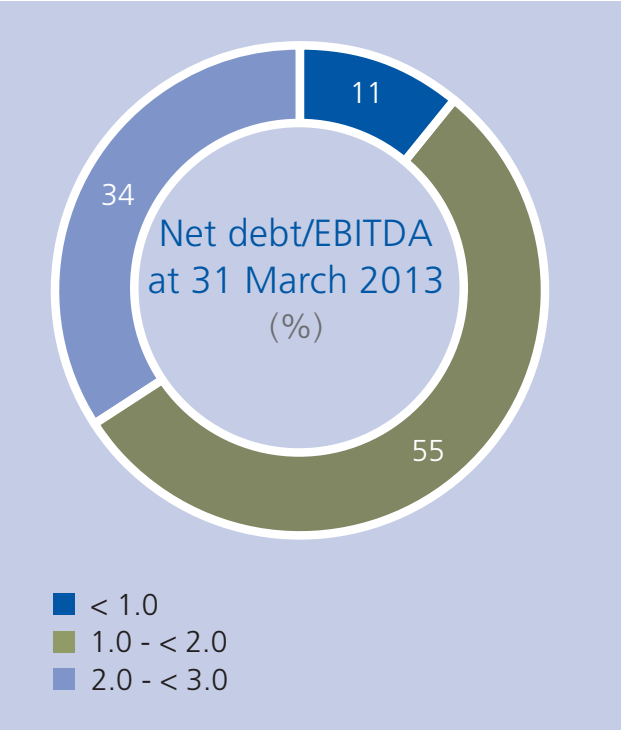
Our portfolio consists of very different companies. Many of them operate globally and have outstanding positions in their niche markets. That gives them a firm mainstay in times of growth. However, many of these companies are not immune to cyclical swings. In that respect, the global economic trend has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

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 April 2013, they traded within a range of 10.01 euros and 14.21 euros; a price movement of one euro produces a negative or positive value contribution of some 3.2 million euros.

Despite the investments since the beginning of the financial year, the portfolio value relative to net assets is still comparatively low. Financial resources of 123.1 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 46 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 on the balance sheet 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: two-thirds of the portfolio value relate to companies whose expected debt rate at the year-end is less than twice their forecast EBITDA for the current year. [3)]

[3)] Basis: Financial assets at 30 April 2013, less investment in MCE AG and Coveright Surfaces Holding GmbH (retention for representations & warranties), DBG Eastern Europe, Harvest Partners, 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).



At 30 April 2013, Deutsche Beteiligungs AG had financial resources of 123.1 million euros at its disposal. In view of its financial resources and undrawn capital commitments to DBAG Fund VI and the DBAG Expansion Capital Fund, DBAG is well placed to take advantage of investment opportunities in the coming years.

The regulatory and taxation framework applicable to our business is subject to constant change. We are currently making arrangements to comply with the requirements arising from the implementation into German law of the European Directive on Alternative Investment Fund Managers (AIFM-RL) as soon as the act to that effect comes into force. We are also closely following the progress of the legislative procedure for an investment tax act.

Beyond that, the information on opportunities and risks contained in the combined management report at 31 October 2012 remains valid. There are no risks perceivable that would endanger the Company as a going concern.

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 by reason of 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 over the long-term average.

Significant amounts of our very high cash resources following profitable realisations 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.

The companies in the portfolio of Deutsche Beteiligungs AG are well positioned in their markets and 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 valuation-related factors – meaning the strategic positioning and attractiveness of a portfolio company as well as its 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 directly mirrored in a corresponding value appreciation. In light of this and the recent subdued economic environment, 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 therefore 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. However, since the DBAG Fund VI is significantly larger than DBAG Fund V, we expect to average considerably higher fee income from investment services in the remaining two quarters than in the first half of the financial year. Personnel expenses will tend to be lower in the next two quarters than those of the first six-month period, as two members left the Board of Management at the end of March. The negative net amount in other income/expenses should therefore be lower in the coming quarters and the net expense ratio will decrease accordingly.

Our momentary focus this financial year is on new investments for the portfolio. By the end of the reporting period, we had made investment decisions for a total of 26.8 million euros, which is more than half of what we projected at the beginning of the financial year to undertake on average for the next five years. The new investments broaden the basis for future value appreciation and create the platform for commensurate returns. In view of the Company's competitive standing and its ample 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 six-month period, we expect to announce further positive investment decisions in the coming months, by way of both management buyouts and expansion financings.

Overall, the general forecast we issued at the last closing 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 in the first two quarters than anticipated: we assumed a neutral trend for the price of Homag shares, and we budgeted a smaller positive effect from the disposal of the last of Coveright's operations. If and to what extent a further value appreciation will be possible on our investments, which will consequently be mirrored in the Company's consolidated net income, depends on the economic trend and other factors that remain difficult to foresee, such as the sentiment in the stock markets at the respective reporting dates. If, for instance, valuation ratios should deteriorate markedly, this could possibly eliminate the value growth achieved to date.

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 that would lead to a capital gain based on the standards of the German Commercial Code.

Consolidated income statement and statement of comprehensive income

for the period from 1 November 2012 to 30 April 2013

T€	1 Nov. 2012 to 30 Apr. 2013	1 Nov. 2011 to 30 Apr. 2012
Consolidated income statement:		
Net result of investment activity		
Net result of valuation and disposal of financial assets and loans and receivables	23,135	23,559
Current income from financial assets and loans and receivables	569	124
Total net result of investment activity	**23,704**	**23,683**
Other income/expenses		
Personnel costs	(6,733)	(7,066)
Other operating income	10,733	18,185
Other operating expenses	(7,735)	(7,090)
Depreciation and amortisation on property, plant and equipment and intangible assets	(195)	(175)
Interest income	654	1,037
Interest expenses	(569)	(175)
Total other income/expenses	**(3,845)**	**4,716**
Net income before taxes	**19,859**	**28,399**
Income taxes	(31)	(10)
Net income after taxes	**19,828**	**28,389**
Minority interest	(882)	(642)
Net income	**18,946**	**27,747**
Earnings per share in euros	1.39	2.03
Diluted earnings per share in euros	1.39	2.03

T€	1 Nov. 2012 to 30 Apr. 2013	1 Nov. 2011 to 30 Apr. 2012
Statement of comprehensive income:		
Consolidated net income	**18,946**	**27,747**
Actuarial gains/(losses) on defined benefit obligations/plan assets	55	(243)
Unrealised gains/(losses) on available-for-sale securities	(46)	69
Other comprehensive income	**9**	**(174)**
Total comprehensive income	**18,955**	**27,573**
Reconciliation of consolidated net income to consolidated retained profit:		
Consolidated net income	**18,946**	**27,747**
Profit carried forward from previous year	70,831	37,322
Dividends	(16,412)	(10,941)
Consolidated retained profit	**73,365**	**54,128**

Consolidated income statement and statement of comprehensive income

for the period from 1 February 2013 to 30 April 2013

T€	1 Feb. 2013 to 30 Apr. 2013	1 Feb. 2012 to 30 Apr. 2012
Consolidated income statement:		
Net result of investment activity		
Net result of valuation and disposal of financial assets and loans and receivables	13,207	14,534
Current income from financial assets and loans and receivables	34	61
Total net result of investment activity	**13,241**	**14,595**
Other income/expenses		
Personnel costs	(3,319)	(4,177)
Other operating income	6,780	14,313
Other operating expenses	(4,597)	(3,736)
Depreciation and amortisation on property, plant and equipment and intangible assets	(97)	(87)
Interest income	474	444
Interest expenses	(466)	(83)
Total other income/expenses	**(1,225)**	**6,674**
Net income before taxes	**12,016**	**21,269**
Income taxes	(25)	(5)
Net income after taxes	**11,991**	**21,264**
Minority interest	(552)	(397)
Net income	**11,439**	**20,867**

T€	1 Feb. 2013 to 30 Apr. 2013	1 Feb. 2012 to 30 Apr. 2012
Statement of comprehensive income:		
Consolidated net income	**11,439**	**20,867**
Actuarial gains/(losses) on defined benefit obligations/ plan assets	(87)	(138)
Unrealised gains/(losses) on available-for-sale securities	(12)	47
Other comprehensive income	**(99)**	**(91)**
Total comprehensive income	**11,340**	**20,776**

Consolidated statement of cash flows

for the period from 1 November 2012 to 30 April 2013

T€	1 Nov. 2012 to 30 Apr. 2013	1 Nov. 2011 to 30 Apr. 2012
Consolidated net income	18,946	27,747
Valuation gains (-)/losses (+) on financial assets and loans and receivables, depreciation and amortisation on property, plant and equipment and intangible assets	(19,757)	(23,385)
Gains (-)/losses (+) from disposals of non-current assets	(671)	0
Increase (+)/decrease (-) in non-current liabilities	581	670
Increase (-)/decrease (+) in income tax assets	(374)	(230)
Increase (+)/decrease (-) in tax provisions	529	(9)
Increase (+)/decrease (-) in other provisions	(3,783)	0
Increase (-)/decrease (+) in other assets (netted)	(2,187)	(1,968)
Increase (+)/decrease (-) in other liabilities (netted)	(658)	(13,815)
Cash flows from operating activities	**(7,374)**	**(10,990)**
Purchase of property, plant and equipment and intangible assets	(108)	(254)
Proceeds from disposals of financial assets and loans and receivables	50,706	589
Acquisition of non-current financial assets and investments in loans and receivables	(11,820)	(21,122)
Increase (-)/decrease (+) in long and short-term securities	12,292	32,681
Cash flows from investing activities	**51,070**	**11,894**
Payments to shareholders (dividends)	(16,412)	(10,941)
Cash flows from financing activities	**(16,412)**	**(10,941)**
Change in cash funds from cash-relevant transactions	27,284	(10,037)
Cash funds at start of period	22,732	32,512
Cash funds at end of period	**50,016**	**22,475**

Consolidated statement of cash flows

for the period from 1 February 2013 to 30 April 2013

T€	**1 Feb. 2013 to 30 Apr. 2013**	1 Feb. 2012 to 30 Apr. 2012
Consolidated net income	11,439	20,867
Valuation gains (-)/losses (+) on financial assets and loans and receivables, depreciation and amortisation on property, plant and equipment and intangible assets	(12,961)	(14,447)
Gains (-)/losses (+) from disposals of non-current assets	(149)	0
Increase (+)/decrease (-) in non-current liabilities	496	411
Increase (-)/decrease (+) in income tax assets	(216)	(137)
Increase (+)/decrease (-) in tax provisions	547	0
Increase (+)/decrease (-) in other provisions	(5,389)	0
Increase (-)/decrease (+) in other assets (netted)	(613)	(2,922)
Increase (+)/decrease (-) in other liabilities (netted)	(133)	(11,213)
Cash flows from operating activities	**(6,979)**	**(7,441)**
Purchase of property, plant and equipment and intangible assets	(63)	(223)
Proceeds from disposals of financial assets and loans and receivables	(438)	507
Acquisition of non-current financial assets and investments in loans and receivables	(86)	(14,983)
Increase (-)/decrease (+) in long and short-term securities	2,856	14,942
Cash flows from investing activities	**2,269**	**243**
Payments to shareholders (dividends)	(16,412)	(10,941)
Cash flows from financing activities	**(16,412)**	**(10,941)**
Change in cash funds from cash-relevant transactions	(21,122)	(18,139)
Cash funds at start of period	71,138	40,614
Cash funds at end of period	**50,016**	**22,475**

Consolidated statement of financial position

at 30 April 2013

T€	30 Apr. 2013	31 Oct. 2012
Assets		
Non-current assets		
Intangible assets	54	45
Property, plant and equipment	1,451	1,546
Financial assets	140,492	150,699
Loans and receivables	5,589	2,925
Long-term securities	73,127	83,034
Other non-current assets	388	425
Total non-current assets	**221,101**	**238,674**
Current assets		
Receivables	2,852	2,804
Short-term securities	0	5,026
Other financial instruments	2,503	1,553
Income tax assets	7,867	7,493
Cash and cash equivalents	50,016	22,732
Other current assets	13,857	20,711
Total current assets	**77,095**	**60,319**
Total assets	**298,196**	**298,993**

T€	30 Apr. 2013	31 Oct. 2012
Liabilities		
Equity		
Subscribed capital	48,533	48,533
Capital reserve	141,394	141,394
Retained earnings and other reserves	5,456	5,447
Consolidated retained profit	73,365	70,831
Total shareholders' equity	**268,748**	**266,205**
Liabilities		
Non-current liabilities		
Minority interest	12,605	12,086
Other provisions	193	169
Deferred tax liabilities	117	79
Total non-current liabilities	**12,915**	**12,334**
Current liabilities		
Other current liabilities	2,115	2,782
Tax provisions	2,969	2,440
Other provisions	11,449	15,232
Total current liabilities	**16,533**	**20,454**
Total liabilities	**29,448**	**32,788**
Total liabilities	**298,196**	**298,993**

Consolidated statement of changes in equity

for the period from 1 November 2012 to 30 April 2013

T€	1 Nov. 2012 to 30 Apr. 2013	1 Nov. 2011 to 30 Apr. 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	55	(243)
At end of reporting period	(10,935)	(4,963)
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	(28)	195
Change in reporting period through profit or loss	(18)	22
At end of reporting period	(8)	68
At end of reporting period		
At start of reporting period	0	0
Reclassification from revaluation surplus	0	(48)
At end of reporting period	0	(48)
Other revenue reserves	**5,456**	**11,456**
Consolidated retained profit		
At start of reporting period	70,831	37,322
Dividend	(16,412)	(10,941)
Consolidated net income	18,946	27,747
Withdrawal from other revenue reserves	0	0
At end of reporting period	**73,365**	**54,128**
Total	**268,748**	**255,511**

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 30 April 2013

1. Basis of preparation

Deutsche Beteiligungs AG has prepared these consolidated interim financial statements at 30 April 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 30 April 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 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 six months of financial year 2012/2013.

7. Dividends paid

A dividend of 0.40 euros per no-par value share and a surplus dividend of 0.80 euros per no-par value share (total of 16,411,630.80 euros) were paid in the second quarter of financial year 2012/2013.

8. Other financial commitments and trusteeships

Other financial commitments comprise call commitments and permanent debt obligations. There were no material changes as compared with 31 October 2012.

Trust assets totalled T€6,328 at 30 April 2012 (at start of financial year: T€7,178). Trust liabilities exist in an equivalent amount. The decrease relates to the disposal of a portfolio company.

9. 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).

10. Related party transactions

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

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

T€	Investments		Cumulated investments		Repayments	
	Management board	Senior executives	Management board	Senior executives	Management board	Senior executives
Period from 1 Nov. 2012 to 30 Apr. 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 related companies in the first six months 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 30 Apr. 2013						
DBG Advisors V GmbH & Co. KG	641	448	2,999	2,242	1,322	715

Key management personnel have made the following investments in the first six months 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 30 Apr. 2013						
DBG Advisors Expansion GmbH & Co. KG	152	0	152	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.

11. Changes in the composition of the Group

At 30 April 2013 DBAG Fund VI (Guernsey) L.P., DBAG's investment vehicle for DBAG Fund VI, was initially consolidated in the interim financial statements of DBAG. Since the start of the investment period of DBAG Fund VI on 15 February 2013, the majority of opportunities and risks arising from the activities of this company have been attributable to DBAG. The initial consolidation of DBAG Fund VI (Guernsey) L.P. in the interim financial statements of DBAG did not materially affect the asset, financial or earnings position of the Group at 30 April 2013.

12. Other information

There were changes in the composition of the Board of Management and the Supervisory Board in the second quarter of financial year 2012/2013.

On 26 March 2013 concurrently with the end of the Annual Meeting, Professor Dr Günther Langenbucher retired from his office on the Supervisory Board, having reached the statutory age limit. Newly elected to the Supervisory Board was Wilken von Hodenberg, former Spokesman of the Board of Management of Deutsche Beteiligungs AG, after stepping down from his office on the Board of Management, effective at the end of the Annual Meeting. André Mangin also left the Board of Management of Deutsche Beteiligungs AG at the end of March 2013 (see also management's interim report, p. 20).

Prior to the Annual Meeting, Deutsche Beteiligungs AG and Rossmann Beteiligungs GmbH concluded a decontrol agreement, which has a term of five years (see also management's interim report, p. 21).

13. Significant 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 interim report at 30 April 2013 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 the 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 opportunities and risks associated with the Group's expected development for the remaining part of the financial year.

Frankfurt am Main, 13 June 2013

The Board of Management

Torsten Grede

Dr Rolf Scheffels

Susanne Zeidler

INFORMATION ON OUR PORTFOLIO COMPANIES

Portfolio company	2012 Revenues €mn	Number of staff	Core business
Broetje-Automation GmbH, Wiefelstede	85 (FY11/12)	390	A developer and manufacturer of machines and lines for automatic assembly of aircraft
Clyde Bergemann Group, Wesel/Glasgow/Delaware	447 Mio. US$ (GJ 12/13)	1.560	A developer and manufacturer of components for power plants
FDG Group, Orly, France	112	760	A non-food category manager for supermarkets in selected product lines
Formel D GmbH, Troisdorf	124	2.500	A services provider to automobile manufacturers and their suppliers
Grohmann GmbH, Prüm	111*	850	A developer and provider of plants for industrial automation
Heytex Bramsche GmbH, Bramsche	77	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
inexio Informations-technologie und Telekommunikation KGaA, Saarlouis	20 (total output FY 11/12)	105	A provider and operator of high-speed telecommunication infrastructure (fibre-optic networks)
JCK Holding GmbH Textil KG, Quakenbrück	480*	990	A marketer of textiles
Plant Systems & Services PSS GmbH, Bochum	52	287	A provider of industrial services for the energy and process industries
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	168	707	A developer and manufacturer of air conditioning and heating systems, water pumps and roof hatches for buses

* preliminary

FINANCIAL CALENDAR

Report on the 2nd Quarter 2012/2013 Analysts' Conference Call, Frankfurt am Main	14 June 2013
Small & Mid Cap Conference Close Brothers Seydler, Paris	24 June 2013
Report on the 3rd Quarter 2012/2013 Analysts' Conference Call, Frankfurt am Main	16 September 2013
German Equity Forum (Analysts' Conference), Frankfurt am Main	11 November 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: 13 June 2013

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

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