Deutsche Beteiligungs AG

2010 2011

Interim Report

at 31 July 2011

Financial highlights (IFRS) at a glance

		First nine months 2010/2011	First nine months 2009/2010	3rd quarter 2010/2011	3rd quarter 2009/2010
New investment [1]	€mn	9.0	7.0	0.5	4.9
IFRS carrying amount of investments (31 July) [1]	€mn	109.1	114.5		
Number of investments (31 July)		17	18		
EBIT	€mn	4.2	24.9	(13.2)	4.3
Earnings before taxes (EBT)	€mn	7.4	25.2	(10.8)	4.5
Net income	€mn	9.7	21.8	(8.0)	4.0
Consolidated retained profit	€mn	63.7	60.7		
Equity (31 July)	€mn	264.0	267.0		
Cash flows from operating activities	€mn	2.2	(3.6)	7.2	5.6
Cash flows from investing activities	€mn	37.2	(12.1)	26.7	(7.1)
Cash flows from financing activities	€mn	(19.1)	(13.7)	0.0	0.0
Change in cash funds	€mn	20.3	(29.3)	33.9	(1.5)
Earnings per share [2]	€	0.71	1.59	(0.58)	0.30
Net asset value (equity) per share	€	19.31	19.53		
Change in net asset value per share [3]	%	3.7	8.9		
Employees (31 July)		50	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

Developments on stock markets leaving their mark

Dear Shareholders,

After a series of very positive quarters with good news from the portfolio of Deutsche Beteiligungs AG and, consequently, value growth, the third quarter produced a negative result. It mirrors almost exactly the events that took place in the stock markets from the beginning of May to the end of July, i.e. the third quarter of our financial year, when the optimism that had prevailed at the beginning of the year gave way to a more sober view. The result was a reduction in equity market multiples, including those for mechanical engineering companies. This, for example, is also mirrored in the price decline of shares in our portfolio company, Homag Group AG prior to the quarterly reporting date. The net result of investment activity for the third quarter amounted to -6.7 million euros, of which -4.2 million euros are attributable to Homag. The remaining loss of -2.5 million euros corresponds to less than five percent of the unquoted portfolio value with which we started the third quarter[1]. Valuations on the stock market as a whole also saw reductions of some five percent over the time of our third quarter. In total, third-quarter net income amounted to a negative -8.0 million euros.

For the nine months to 31 July 2011, net income totalled 9.7 million euros. Net asset value per share was 19.31 euros at 31 July 2011, which represents a loss of 0.72 euros on the beginning of the financial year. Adjusted for the distribution of 1.40 euros per share (a dividend of 0.40 euros plus a surplus dividend of 1.00 euro) paid in March for the past financial year, net asset value per share at the reporting date gained 3.7 percent on the opening amount at the beginning of the year. However, should the current sharp fall in stock market ratios persist – and that particularly applies to the price of Homag shares, which have lost more than 30 percent since the beginning of the current quarter – we will, in all probability, complete the financial year with a loss and negative return on equity.

At the equivalent reporting date in the preceding 2009/2010 financial year, DBAG posted net income of 21.8 million euros (thereof third quarter: 4.0 million euros) and an increase in net asset value per share of 8.9 percent.

[1] The "value of the unquoted portfolio at the beginning of the quarter" corresponds to the portfolio value of 143.3 million euros, as stated in the Interim Report at 30 April 2011, less the holding in quoted Homag Group AG and those investments completed in the third quarter whose realisations had previously been agreed and recognised for a fixed price.

In the third quarter, we completed the realisations from the portfolio that had previously been agreed. We divested our interests in direct marketer Heim & Haus International GmbH to the two managing directors and sold approximately 75 percent of our investment in automotive supplier Preh GmbH to Ningbo Joyson Investment Holding Co., Ltd., a private China-based automotive supplier. The value gains realised through these disposals were recognised in the consolidated financial statements at 30 April. Our half-yearly interim report also informed about the successful closing held for the new DBAG Expansion Capital Fund, which will provide expansion finance and enter into minority investments.

We have been operating in two business segments for some time now and have therefore also invested in enlarging and strengthening our investment team. Our team is currently very intensively screening new investment opportunities, both majority interests up for sale, which would enable us to structure management buyouts, and enquiries for (minority) expansion capital investments. This involves higher expenses, but, beginning in August 2011, we will also be recording higher income, now that the DBAG Expansion Capital Fund will begin generating management fees.

Attractive companies have become more readily available and the number of transactions in the market segment in which we operate is growing. Irrespective of the highly competitive environment, conditions are basically very favourable to 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 146.7 million euros from our own balance sheet, we can draw on commitments to our two co-investment funds of some 350 million euros. However, the latest distortions in the capital and financial markets could again negatively impact conditions in the debt market. The considerable uncertainty in the banking sector may impede our buyout business.

The news from the portfolio was predominantly positive until far into spring. That basic sentiment has not fundamentally changed. The portfolio companies are actively working on implementing the strategies agreed at the onset of our investment, and most of them expect to achieve revenues and earnings in 2011 that are at least at last year's level. However, it began to appear that the economic environment has clouded over somewhat for several portfolio companies in the third quarter. That, too, was one reason for the negative net result of valuation this quarter.

In our interim report on the first six months, we called attention to the strong influence that movements in the equity markets and the valuation ratios derived from them can have on net income. Sentiment in the markets has meanwhile clearly changed. The sharp drop in the price of Homag shares documents the markets' new valuation ratios. They directly impact the present value of our investments through lower multiples.

We know from past experience that sharp setbacks in the financial markets can have serious consequences for the real economy; that holds particularly true for the cyclical industries in which we prefer to invest. In view of the strong fluctuations in the equity markets and the considerable uncertainty about future economic trends, we cannot rule out the possibility that, in addition to the negative effect from the lower price of Homag shares, other adverse factors may weigh on the valuation result. The price decline of Homag shares would alone lead to a fourth-quarter valuation effect of some -13.3 million euros, should their current quotation persist. Deutsche Beteiligungs AG would thus complete the full current financial year posting negative net income.

Current events and their effects on the valuation of our financial assets confirm once again that the success of our business is not assessable on a quarterly basis. We invest in portfolio companies with a target investment horizon of four to seven years. During that time, we aim to increase the portfolio companies' value by building their businesses and then realise the value that was created upon the investment's ultimate disposal – exactly as happened with the two profitable exits we realised this financial year.

The Company's ability to pay a dividend is not jeopardised by potential negative valuation movements. The proceeds from our recent realisations have increased the consolidated retained profit of Deutsche Beteiligungs AG based on HGB (German Commercial Code). This puts us, in all likelihood, in a position to recommend paying a dividend for the current financial year in keeping with our dividend policy.

The Board of Management of
Deutsche Beteiligungs AG

Quarterly financial report

Management's interim report on the first nine months (1 November 2010 to 31 July 2011)

The group and underlying conditions

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

Deutsche Beteiligungs AG focuses the major part of its investments on 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. There has been 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.

Private equity market in good shape

Germany's private equity market recorded a greater number of transactions in the first three quarters of our financial year, and leveraged finance was again available for acquisitions. Along with the strong economic growth, the quality of the companies that are up for sale in the market or that seek expansion financing has markedly improved. This simplifies negotiating private equity transactions. 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.

We can report from our own business that the transaction opportunities we have been screening have improved, both in quantity and quality. Over the past months, we have been intensively working on a growing number of potential investments. The first six months of the current year have seen 13 transactions in Germany's mid-market buyout segment (transaction value from 50 to 250 million euros), including the Romaco Group buyout by Deutsche Beteiligungs AG; this represents an increase compared with the same period the previous year. However, it should be noted that, on a historical comparison, prices are again high.

The German Private Equity and Venture Capital Association/Bundesverband Deutscher Kapitalbeteiligungsgesellschaften (BVK) also spoke of an "upswing for private equity investments in Germany" in summarising the first six months of 2011. The association registered high demand for private equity particularly among mid-sized companies to finance growth.

The most recent turmoil in the capital markets and the escalation of the euro crisis since the beginning of August may possibly aggravate the availability of acquisition finance again.

Macroeconomic environment: Growth in Germany slows unexpectedly

The dynamic growth of Germany's economy unexpectedly weakened in the second quarter. Germany's mechanical engineering industry, a core investment sector for Deutsche Beteiligungs AG, ascribes the reason for the cooling-off period to pent-up demand which is now bottoming out (capital expenditures that were shelved during the crisis have now been made), but does not see a fundamental deterioration. Overall in the eurozone, economic conditions clouded over somewhat more strongly than anticipated. Although this is generally not considered to forebode a recession, the latest data shows how fragile economic conditions are in light of the persistent public debt crisis.

Staff

At the quarterly reporting date, DBAG employed a staff of 47, plus three apprentices. One year ago, the staff numbered 45 and there were also three apprentices.

Current trading and financial performance

Earnings position: Stock market development and budget variances by a few companies weigh on net result of valuation

Deutsche Beteiligungs AG recorded negative net income of -8.0 million euros in the third quarter of financial year 2010/1011. For the full nine-month period to 31 July 2011, net income totalled 9.7 million euros. Adjusted for the dividend and surplus dividend paid in March, this led to a change in net asset value per share to 19.31 euros at 31 July 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 3.7 percent. The nine-month period in the previous year ended with net income of 21.8 million euros (thereof third quarter: 4.0 million euros), while net asset value gained 8.9 percent.

The primary reason for the third-quarter loss is a negative result of investment activity in the amount of -6.7 million euros (third quarter the previous year: 10.5 million euros). It is composed of the net result of valuation and disposal of -15.6 million euros (third quarter the previous year: 6.7 million euros) and current income of 8.9 million euros (third quarter the previous year: 3.8 million euros). Contained therein is a distribution from an investment, which, on the one hand, led to current income of 7.6 million euros and, on the other, to a distribution-related write-down on this investment in the same amount; that write-down was recognised in net result of valuation and disposal. This derives from a profit share entitlement for DBAG on the successful realisations of DBAG Fund IV, which has now been distributed. In net terms, the distribution did not affect income.

After deducing this special effect, the remaining negative net result of valuation and disposal of eight million euros stems from the price decline of Homag shares in the amount of -4.2 million euros, and -3.8 million euros fall to the other portfolio companies; impairment was recognised for two of these investments due to company-specific developments; they currently do not materially contribute to net asset value per share.

In addition to the distribution discussed above, third-quarter current income from financial assets (8.9 million euros; same quarter the previous year: 3.8 million euros) contains dividends and profit distributions, including a dividend payment from Homag Group AG.

For the nine months to 31 July 2011, the net result of investment activity thus totals 18.8 million euros (previous year: 36.3 million euros), of which 9.4 million euros come from the net result of valuation and disposal (previous year: 29.8 million euros) and 9.4 million euros from current income (previous year: 6.5 million euros).

Personnel costs for the first nine months totalled 10.4 million euros (thereof third quarter: 2.9 million euros; previous year 8.8 million and 2.7 million euros, respectively); this item contains provisions for performance-related compensation payable following the completion of the two divestments previously mentioned (Preh, Heim & Haus). The increase on the previous year primarily derives from this performance-related compensation, but also reflects the enlargement of the investment team.

Other operating expense (14.7 million euros; thereof third quarter: 8.0 million euros) increased, due to higher transaction-related costs and, in particular, to an adjustment in provisions for value-added tax risks. Based on insight gained from discussions with the revenue office, a further 3.0 million euros were allocated to provisions for value-added tax risks. We expect to initially recognise provisions of some 0.6 million euros on a quarterly basis for these risks up to the expiry of the investment periods of DBAG Fund V and the DBAG Expansion Capital Fund (see commentary in the 2009/2010 Annual Report, pages 54 and 59). In the previous year's nine-month period, other operating expense amounted to 14.0 million euros, of which 8.5 million euros were attributable to the third quarter (at that time, a special effect arising from provisions for value-added tax risks also existed in the third quarter).

Other operating income of 11.6 million euros (thereof third quarter: 5.0 million euros) was level with that of the previous year. 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 was not yet contained in this item at the reporting date; it will initially be recorded in the fourth quarter. Higher expenses associated with identifying and screening investment opportunities are also mirrored in this item, since the co-investment funds carry a part of the costs, which they reimburse.

Net interest at the reporting date was marked by interest income on a tax refund. This effect accounts for 1.5 million euros. Third-quarter net interest thus reached 1.8 million euros (same quarter the previous year: 0.2 million euros); for the nine-month period, net interest totalled 2.3 million euros (previous year: 0.3 million euros). 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 -11.4 million euros for the nine-month period, of which -4.1 million euros are attributable to the third quarter. In 2009/2010, total other income/expense at 31 July amounted to -11.1 million euros (thereof third quarter: -6.0 million euros).

A tax refund following a tax audit had a positive effect of 1.9 million euros on income taxes in the third quarter.

Financial position: No bank debt, sizeable liquidity

The liquid asset position of Deutsche Beteiligungs AG at 31 July 2011 consisted of two components: cash totalling 44.0 million euros and securities (102.7 million euros), invested in short-term German government securities. Liquid assets increased significantly in the third quarter. The available funds (cash and securities) of 146.7 million euros at the quarterly reporting date on 31 July 2011 exceeded those at the beginning of the financial year by 6.0 million euros (140.7 million euros; 31 July 2010: 151.1 million euros). There are no liabilities to banks.

Key cash inflows in the current financial year came from Hochtemperatur Engineering GmbH (whose liquidation is in progress), from two international buyout funds following divestments from their portfolios, as well the aforementioned realisations of Preh and Heim & Haus. Cash outflows relate, among other things, to the dividend payment, new investment, investment income tax expenses and current operating costs.

Asset position and portfolio development

Following the most recent transactions, on which the Interim Report at 30 April gives an in-depth account, the portfolio of Deutsche Beteiligungs AG consisted of 17 investments at the quarterly reporting date. New investment in the nine months to 31 July totalling 9.0 million euros is largely attributable to the acquisition of the Romaco Group. Further funding was channelled into three existing investments, including two international buyout funds. There are undrawn capital commitments to international buyout funds of 2.8 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 17 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 (possibly

temporarily) lose in significance for the value of the portfolio. At 31 July 2011, the following eight alphabetically ordered investments were the largest out of the 17 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 27 of this report.

Management buyouts account for 83 percent of the total portfolio value of 109.1 million euros. Another nine percent are attributable to expansion capital investments, and eight 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
Homag Group AG	21.4	16.8	MBO	Mechanical and industrial engineering
Preh GmbH	0.8	4.3	MBO	Automotive suppliers
Romaco Group	7.7	18.7	MBO	Mechanical and industrial engineering

Shares

Shares trading at discount to intrinsic value

The performance of shares in Deutsche Beteiligungs AG continued to fall behind the general market trend this current financial year. At the end of the reporting period, DBAG shares had lost about eleven percent on the opening quotation at the start of the financial year; adjusted for the dividend payment in March of 1.40 euro per share, DBAG shares recorded a loss of some six percent in value at the reporting date. The benchmark indices advanced by 5 to 13 percent over the same period. The stock market plunge that took place immediately after the end of the quarter also struck our shares, reflecting expectations that changes in the capital markets will negatively affect the net asset value of Deutsche Beteiligungs AG. The share price drop is, however, much sharper than would correspond to the third-quarter decline in net asset value and the perceivable developments that have occurred since then, such as a further value reduction in the Homag investment as a consequence of lower quotations for Homag shares. DBAG shares are therefore again trading at a discount to their intrinsic value.

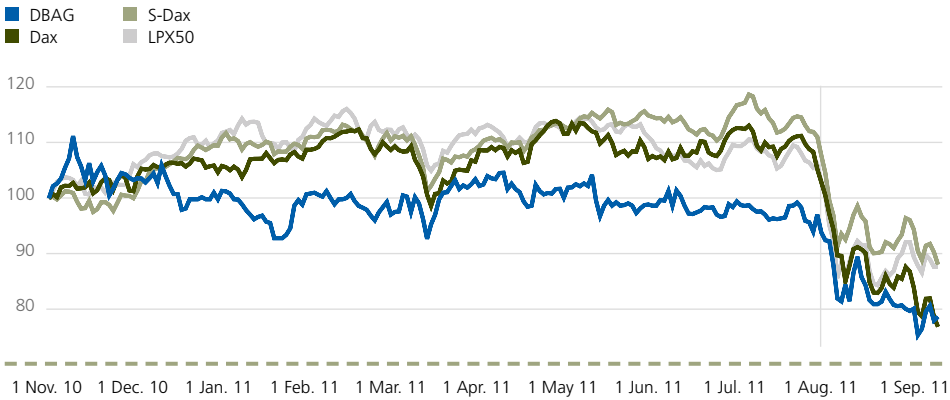
Third-quarter trading volumes in DBAG shares fell significantly; averaging 12,875 shares with a value of nearly 250,000 euros daily, the turnover dropped to levels not seen since 2003/2004. In the first two quarters of the current financial year, stock market trading had averaged some 31,000 shares daily with a value of almost 650,000 euros. In the first weeks after the quarterly reporting date, trading again picked up markedly. Market capitalisation reached 252.7 million euros at the end of the reporting period, of which 79.8 percent were in free-float ownership. DBAG shares ranked 31st among the 50 stocks indexed in the S-Dax.

DBAG shares are regularly monitored and assessed by five analysts from German and international banks. Further analysts have included DBAG shares in the peer group they use to analyse the sector of

Performance from 1 November 2010 to 12 September 2011

in %

Index: 1 November 2010 = 100



listed European private equity companies. Analysts' ratings are regularly documented on our website at www.deutsche-beteiligung.de/IR.

Events after the end of the reporting period

On 1 August, Homag Group AG, in which Deutsche Beteiligungs AG holds a 16.8 percent interest, or approximately 2.64 million shares, issued an ad-hoc announcement that the company did not reach its earnings target in the second quarter and has therefore reduced its forecast for the full 2011 year. This triggered a decline in the price of Homag shares. Should that price reduction persist at its current level (9.72 euros on 12 September) at the end of our financial year, this would result in a negative value movement of 13.3 million euros (or 1.00 euro per share).

Apart from that, there were no 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.

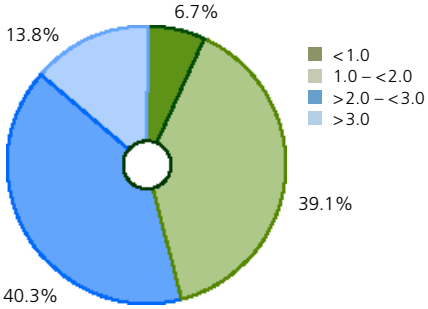
Potential, rewards and risks

Confidence about portfolio companies' development; risk for valuations arising from movements in quoted 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 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. Nevertheless, a good 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 in the quoted markets. However, following a number of strong realisations, the portfolio value relative to equity is at present comparatively low. Liquid funds (including short- and long-term securities) rose again; currently, liquid assets account for 56 percent of net asset value per share. This puts into perspective the risk to net asset value per share arising from global economic developments, but also limits the potential for value growth. Our portfolio companies' comparatively low levels of debt also moderate the risk: approximately 86 percent of the portfolio value relates to companies whose debt rate is less than three times their forecast EBITDA for the current year.[2]

Net debt/EBITDA in 2011 in %



[2] Basis: Financial assets at 31 July 2011, less investment in MCE AG (retention for reps & warranties), DBG Eastern Europe, shelf companies and companies the majority of which is attributable to third parties; debt and EBITDA based on portfolio companies' forecasts or analysts' estimates (Homag Group AG).

Deutsche Beteiligungs AG, with its substantial liquidity position of 146.7 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: Economic and stock market effects could overshadow portfolio companies' positive development

The companies in the portfolio of Deutsche Beteiligungs AG are well positioned in their competitive fields. They reported good levels of order intake in the past months. Despite negative news in individual instances, such as about postponed projects, results for 2011 are, for the most part, expected to exceed those of the preceding year. Thus, most of our portfolio companies continue to develop successfully.

However, the portfolio companies are also subject to exposure from macroeconomic influences. The financial and economic crisis in 2008 and 2009 has not least shown how serious the consequences of strong setbacks in the financial markets can be on the real economy. That particularly applies to those cyclical industries in which we prefer to invest. We cannot rule out that the recent fall in stock market prices and the persistent currency turmoil will again end in a recession with consequences for our portfolio.

In addition to the investee companies' earnings and debt, quoted market multiples are used to determine the portfolio value at each reporting date. These multiples have changed significantly in recent weeks. Considerable uncertainty about economic prospects, which is mirrored in the stock markets' high volatility, prohibits making a sound prediction on the trend that valuations of companies will take.

We are therefore not in a position to foresee which value the financial assets in our balance sheet will have in a few weeks' time at the end of the financial year. For that reason, it is not possible to make an exact earnings forecast for the year. As previously mentioned, should the current quotation for Homag shares (9.72 euros on 12 September) persist at the end of the financial year, that alone would have a fourth-quarter negative valuation effect of 13.3 million euros. This is clearly in excess of the 9.7 million euros in net income achieved to date. A negative effect on the valuation of the unquoted portfolio would also come from lower multiples, should they remain at their current level on 31 October. Under these conditions, DBAG would complete the 2010/2011 financial year with a net loss.

Our momentary focus is on new investments to the portfolio. They broaden the basis for future value growth. For the period beyond this current financial year, we believe that Deutsche Beteiligungs AG is also well equipped to take advantage of attractive investment opportunities as they arise.

Interim financial statements

at 31 July 2011

Consolidated income statement

for the period from 1 November 2010 to 31 July 2011

T€	1 Nov. 2010 to 31 July 2011	1 Nov. 2009 to 31 July 2010
Net result of investment activity		
Net result of valuation and disposal of investments and loans and receivables	9,454	29,759
Current income from investments and loans and receivables	9,376	6,542
Total net result of investment activity	**18,830**	**36,301**
Other income/expense		
Personnel costs	(10,453)	(8,823)
Other operating income	11,612	11,618
Other operating expense	(14,674)	(13,989)
Depreciation and amortisation on property, plant and equipment and intangible assets	(210)	(195)
Interest income	2,740	612
Interest expense	(439)	(278)
Total other income/expense	**(11,424)**	**(11,055)**
Net income before taxes	**7,406**	**25,246**
Income taxes	1,993	614
Net income after taxes	**9,399**	**25,860**
Minority interest (gains)/losses	317	(4,092)
Net income	**9,716**	**21,768**
Earnings per share in euros	0.71	1.59
Diluted earnings per share in euros	0.71	1.59

Consolidated interim financial statements

T€	1 Nov. 2010 to 31 July 2011	1 Nov. 2009 to 31 July 2010
Statement of comprehensive income:		
Net income	**9,716**	**21,768**
Actuarial gains / (losses) on defined benefit plans / plan assets	(316)	(440)
Unrealised gains / (losses) on available-for-sale securities	(129)	0
Other comprehensive income	**(445)**	**(440)**
Total comprehensive income	**9,271**	**21,328**
Reconciliation of net income to consolidated retained profit:		
Net income	**9,716**	**21,768**
Profit carried forward from previous year	73,100	52,640
Dividend	(19,147)	(13,676)
Consolidated retained profit	**63,669**	**60,732**

Consolidated income statement

for the period from 1 May 2011 to 31 July 2011

T€	1 May 2011 to 31 July 2011	1 May 2010 to 31 July 2010
Net result of investment activity		
Net result of valuation and disposal of investments and loans and receivables	(15,562)	6,691
Current income from investments and loans and receivables	8,885	3,800
Total net result of investment activity	**(6,677)**	**10,491**
Other income/expense		
Personnel costs	(2,896)	(2,666)
Other operating income	4,974	5,001
Other operating expense	(7,956)	(8,451)
Depreciation and amortisation on property, plant and equipment and intangible assets	(70)	(65)
Interest income	2,092	294
Interest expense	(293)	(118)
Total other income/expense	**(4,149)**	**(6,005)**
Net income before taxes	**(10,826)**	**4,486**
Income taxes	1,998	642
Net income after taxes	**(8,828)**	**5,128**
Minority interest (gains)/losses	849	(1,084)
Net income	**(7,979)**	**4,044**

T€	1 May 2011 to 31 July 2011	1 May 2010 to 31 July 2010
Statement of comprehensive income:		
Net income	**(7,979)**	**4,044**
Actuarial gains / (losses) on defined benefit plans / plan assets	(73)	(146)
Unrealised gains / (losses) on available-for-sale securities	(83)	0
Other comprehensive income	**(156)**	**(146)**
Total comprehensive income	**(8,135)**	**3,898**

Consolidated statement of financial position

at 31 July 2011

Assets

T€	31 July 2011	31 Oct. 2010
Non-current assets		
Intangible assets	43	25
Property, plant and equipment	1,116	841
Investments	116,892	129,853
Loans and receivables	3,676	4,742
Long-term securities	102,723	102,912
Other non-current assets	5,978	5,897
Total non-current assets	**230,428**	**244,270**
Current assets		
Receivables	2,819	2,899
Short-term securities	0	14,084
Other financial instruments	22	22
Income tax assets	14,495	12,684
Cash and cash equivalents	44,017	23,749
Other current assets	8,321	18,404
Total current assets	**69,674**	**71,842**
Total assets	**300,102**	**316,112**

Shareholders' equity and liabilities

T€	31 July 2011	31 Oct. 2010
Shareholders' equity		
Subscribed capital	48,533	48,533
Capital reserve	141,394	141,394
Retained earnings	10,443	10,888
Consolidated retained profit	63,669	73,100
Total shareholders' equity	**264,039**	**273,915**
Liabilities		
Non-current liabilities		
Provisions for pension obligations	243	0
Minority interest	11,876	15,669
Deferred tax liabilities	81	130
Total non-current liabilities	**12,200**	**15,799**
Current liabilities		
Other current liabilities	2,204	6,894
Tax provisions	1,701	2,675
Other provisions	19,958	16,829
Total current liabilities	**23,863**	**26,398**
Total liabilities	**36,063**	**42,197**
Total shareholders' equity and liabilities	**300,102**	**316,112**

Consolidated cash flow statement

for the period from 1 November 2010 to 31 July 2011

Inflows (+) / Outflows (-) T€	1 Nov. 2010 to 31 July 2011	1 Nov. 2009 to 31 July 2010
Net income	9,716	21,745
Valuation gains (-) / losses (+) on financial assets and loans and receivables, depreciation and amortisation on property, plant and equipment and intangible assets	(2,573)	(28,792)
Gains (-) / losses (+) from disposals of non-current assets	(6,659)	(465)
Increase (+) / decrease (-) in non-current liabilities	(3,599)	2,721
Increase (-) / decrease (+) in income tax assets	(1,811)	1,274
increase (+) / decrease (-) in tax provisions	(974)	(848)
Increase (-) / decrease (+) in other assets (netted)	10,082	(3)
Increase (+) / decrease (-) in other liabilities (netted)	(2,006)	760
Cash flows from operating activities	**2,176**	**(3,608)**
Proceeds from disposals of property, plant and equipment and intangible assets	117	7,220
Purchase of property, plant and equipment and intangible assets	(621)	(292)
Proceeds from disposals of financial assets and loans and receivables	32,432	44,505
Acquisition of non-current financial assets and investments in loans and receivables	(8,962)	(7,033)
Increase (-) / decrease (+) in securities	14,273	(56,461)
Cash flows from investing activities	**37,239**	**(12,061)**
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	20,268	(29,345)
Cash funds at start of period	23,749	50,787
Cash funds at end of period	44,017	21,442

Consolidated cash flow statement

for the third quarter of the financial year

Inflows (+) / Outflows (-) T€	1 May 2011 to 31 July 2011	1 May 2010 to 31 July 2010
Net income	(3,754)	4,044
Valuation gains (-) / losses (+) on financial assets and loans and receivables, depreciation and amortisation on property, plant and equipment and intangible assets	17,870	(6,593)
Gains (-) / losses (+) from disposals of non-current assets	(6,583)	(11)
Increase (+) / decrease (-) in non-current liabilities	(3,838)	522
Increase (-) / decrease (+) in income tax assets	2,653	914
increase (+) / decrease (-) in tax provisions	(324)	(834)
Increase (-) / decrease (+) in other assets (netted)	(2,187)	1,374
Increase (+) / decrease (-) in other liabilities (netted)	3,297	6,177
Cash flows from operating activities	**7,134**	**5,593**
Proceeds from disposals of property, plant and equipment and intangible assets	117	160
Purchase of property, plant and equipment and intangible assets	(311)	(49)
Proceeds from disposals of financial assets and loans and receivables	27,280	411
Acquisition of non-current financial assets and investments in loans and receivables	(436)	(4,920)
Increase (-) / decrease (+) in securities	102	(2,704)
Cash flows from investing activities	**26,752**	**(7,102)**
Payments to shareholders (dividends)	0	0
Cash flows from financing activities	**0**	**0**
Change in cash funds from cash-relevant transactions	33,886	(1,509)
Cash funds at start of period	10,131	22,951
Cash funds at end of period	44,017	21,442

Consolidated statement of change in shareholders' equity

for the period from 1 November 2010 to 31 July 2011

T€	1 Nov. 2010 to 31 July 2011	1 Nov. 2009 to 31 July 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	(316)	(440)
At end of period	(5,585)	(2,644)
Revaluation reserve for unrealised gains / losses on available-for-sale securities		
At start of period	(242)	0
Change in the reporting period	(129)	0
At end of period	(371)	0
Retained earnings and other reserves at end of period	10,443	13,755
Consolidated retained profit		
At start of year	73,100	52,640
Dividend	(19,147)	(13,676)
Net income	9,716	21,768
At end of period	63,669	60,709
Total	**264,039**	**264,414**

Condensed notes to the interim financial statements

for the first three quarters of the 2010/2011 financial year

1. Basis of preparation

Deutsche Beteiligungs AG has prepared these consolidated interim financial statements at 31 July 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 31 July 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 three quarters 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)	2,338	(2,621)	(283)
Retained earnings and other reserves	16,399	(2,644)	(13,755)
Personnel costs	8,846	(23)	8,823
Other comprehensive income / Actuarial gains / (losses) on plan assets	0	(440)	(440)

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 three quarters 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 held 1,000 shares and Mr Roland Frobel 2,000 shares in Deutsche Beteiligungs AG.

Minority interest amounting to a loss of 0.3 million euros for the first three quarters of 2010/2011 contains a gain 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 by the investment team of Deutsche Beteiligungs AG through a related party. Following new investments by DBAG Fund V, the conditions for this profit entitlement no longer exist.

In the first three quarters of financial year 2010/2011, key management personnel received the following repayments from related parties of DBAG Fund IV:

	Investments		Cumulated investments		Repayments	
T€	Management board	Senior executives	Management board	Senior executives	Management board	Senior executives
Period from 1 Nov. 2010 – 31 July 2011 DBG Investment Team GmbH & Co. KG	0	0	320	730	1,088	2,357
DBG Advisors IV GmbH & Co. KG	0	0	424	0	1,672	0

In the first three quarters of financial year 2010/2011, key management personnel invested in related parties of DBAG Fund V as follows:

	Investments		Cumulated investments		Repayments	
T€	Management board	Senior executives	Management board	Senior executives	Management board	Senior executives
Period from 1 Nov. 2010 – 31 July 2011 DBG Advisors V GmbH & Co. KG	221	178	1,411	1,142	0	0

Apart from this, there were no other related party transactions in the first nine 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 three quarters 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 three quarters 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.

Frankfurt am Main, 12 September 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$422 mn (FY 2010/2011)	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; Markets: worldwide

Financial calendar

Financial calendar	
Listed Private Equity Day, Brussels	20 September 2011
German Equity Forum, Frankfurt am Main	23 November 2011
Berenberg European Conference, Bagshot/Surrey, UK	29 November to 2 December 2011
Annual Press Conference (Publication of 2010/2011 Annual Report) and Analysts' Conference, Frankfurt am Main	26 January 2012
Road Show New York/London/Edinburgh/Frankfurt am Main	February 2012
Report on the 1st Quarter 2011/2012 Analysts' Conference Call	16 March 2012
2012 Annual Meeting, Frankfurt am Main (Hermann Josef Abs Room)	29 March 2012

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: 12 September 2011

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

Shareholder information

Deutsche Beteiligungs AG
Investor Relations and Public Relations
Thomas Franke
Börsenstrasse 1
D-60313 Frankfurt am Main
Telephone: +49 69 95787–361
Fax: +49 69 95787–391
E-Mail: IR@deutsche-beteiligung.de
Internet: www.deutsche-beteiligung.de

ISIN DE 0005508105
Symbol: DBAG.F (Reuters) – DBA (Bloomberg)

Publication date of the 2010/2011 Annual Report
is 26 January 2012.