Deutsche Beteiligungs AG

Annual Report
2008/2009

2008/2009
at a glance

- Very satisfactory result of 19.6 million euros following two profitable realisations; net asset value per share increased to 18.94 euros; return on NAV per share of 8.2 percent exceeds cost of equity
- Shareholders to profit from performance through surplus dividend; total dividend to amount to 1.00 euro per share
- Portfolio companies shouldering challenges of the economic crisis and adapting their business models; situation calls for particular commitment by management, staff and owners
- Deutsche Beteiligungs AG expects increase in investment activity; sizeable liquidity and capital commitments to co-investment funds ensure strong position in competitive field

Share performance from 1 November 2008 to 31 December 2009

Financial highlights (IFRS) at a glance		2008/2009	2007/2008
New investment	€mn	4	14
IFRS carrying amount of investments (31 Oct., "portfolio value") 1)	€mn	123	127
Number of investments (31 Oct.)		19	21
EBIT	€mn	20.4	(60.5)
Earnings before taxes (EBT)	€mn	22.4	(55.3)
Consolidated profit/(loss) for the year	€mn	19.6	(51.1)
Consolidated retained profit	€mn	52.6	29.2
Equity	€mn	259.0	244.8
Cash flows from operating activities	€mn	(3.5)	3.0
Cash flows from investing activities	€mn	28.8	11.2
Cash flows from financing activities	€mn	(5.5)	(57.3)
Change in cash funds 2)	€mn	14.7	(119.7)
Earnings per share	€	1.44	(3.73)
Cash flow per share 3)	€	0.68	0.52
Net asset value (equity) per share	€	18.94	17.90
Return on net asset value per share 4)	%	8.2	(17.5)
Dividend (2008/2009: recommended)	€	0.40	0.40
Surplus dividend (2008/2009: recommended)	€	0.60	–
Number of employees (31 Oct.)		49	48

1) Without shelf companies and companies that are mainly attributable to third parties
2) In financial year 2007/2008 cash funds were shifted to short-dated government-guaranteed bonds; in conformity with the IFRS this regrouping is subject to disclosure as an investment, therefore resulting in a "change in cash funds"
3) Consolidated profit/(loss) less value changes to financial assets and loans and receivables, plus depreciation and amortisation on property, plant and equipment and intangible assets
4) Change in net asset value (equity) per share in relation to opening net asset value (equity) per share at beginning of reporting period, less dividends

Our largest investments *	Industrial sector	Equity share of DBAG %
Clyde Bergemann Group	Mechanical and industrial engineering	17.8
Heim & Haus GmbH	Consumer goods	20.4
Hochtemperatur Engineering GmbH	Mechanical and industrial engineering	27.6
Homag Group AG	Mechanical and industrial engineering	16.8
ICTS Europe Holdings B. V.	Industrial services	17.5
JCK KG	Consumer goods	3.6
MCE AG	Industrial services	18.8

* Alphabetically ordered; measured by IFRS value, these investments represent 90 percent of the portfolio value

Deutsche Beteiligungs AG is a leading German private equity company. We invest in companies that have outstanding positions in their markets, based on their products and services. 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 management buyouts of growth-driven, profitable, internationally operating companies. The experience drawn from more than four decades of investment activity creates the platform on which to further develop our investment strategy.

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Letter
from the Board of Management

Wilken Freiherr von Hodenberg
Spokesman of the Board of Management

Torsten Grede
Member of the Board of Management

André Mangin
Member of the Board of Management

Dr Rolf Scheffels
Member of the Board of Management

Dear Sir or Madam, dear Shareholders,

Considering the general economic environment, 2008/2009 was a good year for Deutsche Beteiligungs AG. Good, because we successfully navigated our portfolio companies through the crisis. Good, because by posting a profit of 19.6 million euros we achieved a return on equity that exceeded our cost of equity. And good, too, because two very profitable realisations delivered the potential to distribute a dividend for the past financial year and also maintain our dividend policy for the time beyond.

All this was anything but self-evident when the year began. In autumn 2008, conditions in the financial markets escalated into a global economic crisis unprecedented in recent history. The year 2009 began with the real economy being encroached upon by widespread paralysis. On the stock markets, prices and enterprise values were in free-fall. The financial sector was slow in stabilising, and this really only got underway after governments massively intervened with capital and guarantees. Even now as we enter 2010, uncertainty and hesitation persist.

The economy is always subject to ups and downs. As investors in cyclical industries, we understand that and take it into account as we do our business. However, when orders at a mechanical engineering company suddenly plummet and then persist at that low level for several quarters – this no longer resembles the patterns experienced in past, ordinary cycles. There are no tried-and-true directives for dealing with such dramatic developments.

The economic crisis poses new challenges for everyone involved – the management and staff of our portfolio companies, and for us and our co-investment funds as shareholders. To our credit, our portfolio companies responded quickly to the changed landscape. Immediately after the collapse of Lehman Brothers – a key event in the current crisis – they began developing scenarios and plans of action to tackle the new situation. Frequently, this entailed restructuring programmes. The management teams were forced to take difficult decisions, which sometimes meant letting staff go. Where reasonable and necessary, we backed companies by providing additional funds.

Fortunately, only a few portfolio companies have been seriously impacted by the crisis. This is not a coincidence, but the result of consistent adherence to our investment strategy. In past years, we have focused on successful companies with a proven business model. When we acquire a company, we provide it with a robust capital structure. We want our investee businesses to have sufficient resources to meet their obligations, even if sales and earnings decline. Moreover, we have always placed great importance on entrepreneurially driven managements in our portfolio companies. That strategy has proven especially beneficial during the recession: Despite the adverse conditions this past crisis year of 2008/2009, the value of the portfolio with which we started the past financial year grew.

A look at how the balance sheet stood at the beginning of financial year 2008/2009 illustrates the quality of this year's accomplishment. At the time, we had equity of some 240 million euros (after deducting the dividend payment), compared to liquidity of 104 million euros and financial assets of approximately 137 million euros. On these financial assets we generated a net result of valuation and disposal of 29.8 million euros – an increase of more than 20 percent. In the current environment, we believe this is an achievement worth noting.

The stock market is evidently of the same opinion: DBAG shares clearly outpaced the major benchmark indices. In comparison to other listed private equity companies, the performance of our shares, which gained 54.8 percent this the past financial year, is also outstanding.

The most convincing proof of the quality of our portfolio, however, are the two realisations we agreed this past financial year. Measured by the multiple of the original cost, the sale of Lewa GmbH to a Japan-based enterprise is one of your company's most profitable transactions. The investment in MCE AG was also sold to a trade buyer. Here again, we achieved a sales price equal to several times the historical cost.

We intend to use a part of the proceeds that Deutsche Beteiligungs AG generated from these realisations to pay a dividend. To allow our shareholders to participate in this year's achievements, we recommend distributing a dividend of 0.40 euros per share. Additionally, we propose paying a surplus dividend of 0.60 euros per share. This distribution equates to more than five percent of net asset value per share, which grew from 17.90 euros to 18.94 euros per share over the financial year.

In 2007/2008, our investment restraint derived from our estimation that purchasing prices, driven in part by overoptimistic debt finance markets, were inappropriately high. In financial year 2008/2009, we did not enter into any new investments. Sales price expectations were still too high, but most importantly: The prospects of the few fundamentally attractive companies we analysed more closely seemed too uncertain. With the negative trend in the economic climate, total activity in the M&A sector declined.

Transaction activity now seems to be moving forward again. We believe this reflects a growing equity need in the wake of the economic crisis. This has hit many companies so hard that their balance sheets show unfavourable structures. Once the economy begins to rebound, many companies will not be able to finance the expected growth on their own. Banks, however, will not be capable of satisfying the demand, and the capital market is generally closed to small and mid-sized companies. That creates opportunities for equity investors such as Deutsche Beteiligungs AG. With our considerable liquid resources and a co-investment fund that is in the middle of its investment period, we are well equipped to take advantage of these opportunities.

New investments in the portfolio will constitute the foundation for future value growth. How quickly and to what extent these acquisitions will be realisable cannot currently be foreseen, since the events that drive our business are especially difficult to predict. It is virtually impossible to forecast the result for a private equity company a year in advance. In any case, it would fail to do justice to our business model. The past year is, not least, proof of that: The readiness of strategic buyers to offer attractive prices for portfolio companies in times of general market weakness is just as difficult to predict as corporate valuations in the quoted market over the period of a year.

During the past ten years – a period that witnessed two serious economic crises – we achieved an average return on equity of more than 14 percent. This record of success resulted from our rigid adherence to our investment strategy, particularly in the "boom years". We intend to continue fostering that kind of stance and are confident that your Deutsche Beteiligungs AG will progress on its chosen path.

Frankfurt am Main, January 2010

The Board of Management

Wilken Frhr. von Hodenberg

Torsten Grede

André Mangin

Dr Rolf Scheffels

Report of the Supervisory Board

The 2008/2009 financial year was one of economic and financial crisis. In our Supervisory Board meetings and other consultations with the Board of Management, we particularly dealt with the challenges our portfolio companies faced this past year. To that end, we very conscientiously performed the duties required of us by law and by the Company's Articles of Association of monitoring managerial activities.

The Board of Management regularly informed the Supervisory Board, both verbally and in writing, about the Company's course of business, its earnings and financial position as well as the risk management system, including the Company's compliance; the Supervisory Board discussed these issues in depth. Discrepancies from the planned course of business were elucidated by the Board of Management. At the meetings of the Supervisory Board, the Board of Management also reported on the Company's intended business policies and its planned strategic direction and agreed the latter with us. Between meetings, the Board of Management's Spokesman promptly informed the Chairman of the Supervisory Board about significant business issues, and the Supervisory Board was instructed accordingly (clause 5.2 of the 'German Corporate Governance Code', hereafter: the Code). We were involved in significant decision-taking processes. Insofar as resolutions were required between meetings, they were adopted by written consent or by way of teleconferences. In individual instances, we solicited reports from the Board of Management pursuant to § 90 section 3 of the German Stock Corporation Act (Aktiengesetz – 'AktG'); there were no grounds for objection. The Supervisory Board convened six times this past financial year – in part, without the Board of Management's presence. The Audit Committee held four meetings and the Executive Committee, responsible for personnel issues, met twice. No member of the Supervisory Board or the Audit Committee took part in less than half the meetings. All members of the Executive Committee attended this Committee's meetings.

Detailed reports on portfolio companies

A main focus of our regular consultations was the monitoring of existing investments, which we closely watched in light of the economic crisis. We received comprehensive quarterly reports in writing from the Board of Management on the portfolio of Deutsche Beteiligungs AG. We were informed promptly and in detail about investments that were not performing as expected. We were also informed about planned and executed changes to the portfolio, such as the divestments of Lewa GmbH and MCE AG.

Other issues tabled at Supervisory Board meetings were the dividend policy, the effects of possible changes in tax legislation on Deutsche Beteiligungs AG, current amendments to stock corporation law, including management board remuneration and accounting, the budget for financial year 2008/2009, a review of the risk management report submitted by the Board of Management and – with a view to changed conditions for the buyout business in the wake of the financial and economic crisis – options for the strategic direction of DBAG.

Ongoing development of corporate governance practices

At our meeting in November 2009, we voted to examine the efficacy of our activities (clause 5.6 of the Code) and intend to apply the insight thus gained to our work.

We actively followed the changes in corporate governance practices taking place in Germany. This past year again, we further developed these practices at Deutsche Beteiligungs AG. Management's discussion of this issue on pages 10 to 11 of this Annual Report is also presented on behalf of the Supervisory Board (clause 3.10 of the Code). The Board of Management and the Supervisory Board jointly submitted an updated Declaration of Conformity on 20 November 2009 (§ 161 German Stock Corporation Act), which is permanently accessible to any interested party at the Company's website.

Every Supervisory Board member is required to immediately disclose to the Supervisory Board any conflict of interest that may possibly arise. In the past financial year, there were no notices of conflict-of-interest issues. When it came to the Supervisory Board agreeing to the consultancy services provided by Infra Beratungs GmbH, a company in which Professor Leister holds the majority, Professor Leister abstained from voting.

Executive Committee

The Executive Committee, which also performs the functions of a Nomination Committee (clause 5.3.3 of the Code), convened twice in the reporting year. In addition to the Chairman of the Supervisory Board, Mr Andrew Richards, the Executive Committee consists, unchanged, of the Vice Chairman of the Supervisory Board, Professor Rolf-Dieter Leister, and Dr Hans-Peter Binder.

In one of its meetings in the reporting year, the Executive Committee dealt with the renewal of Mr Wilken von Hodenberg's appointment contract. In its consultations, the Committee also considered the requirements under the German Act on the Appropriateness of Management Board Compensation (VorstAG). The Supervisory Board extended the appointment and the contract to 31 March 2015. In its first meeting in financial year 2008/2009 on 4 December 2008, the Executive Committee dealt with and determined the performance-related emoluments for the members of the Board of Management for the preceding financial year.

Audit Committee

The Audit Committee as defined in clause 5.3.2 of the Code consists of four Supervisory Board members. Professor Günther Langenbucher chairs this Committee; the other members are Mr Richards, Professor Leister and Dr Binder. In four meetings held during the reporting year, the Committee dealt with issues concerning the annual and consolidated financial statements, the half-yearly financial report and the quarterly financial reports, all of which were discussed with the Board of Management prior to their publication. Further issues discussed pertained to the accounting, including the monitoring of the accounting process, the efficacy of the risk management system, the internal control system and compliance. There were no grounds for objections to the Company's current practice.

We also dealt with the required independence and objectivity of the Company's auditors and the additional services the auditors provide, the assignment of the audit to the auditors, the determination of the audit's focal points and audit fees.

We comply in multiple ways with the new requirements under the German Accounting Law Modernisation Act (BilMoG), which stipulates that at least one independent member of the Supervisory Board or Audit Committee must have expert knowledge in accounting or auditing.

The Chairmen of the Committees regularly reported to the Supervisory Board on the work of the Committees.

Financial statements endorsed

Shareholders at the 2009 Annual Meeting appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as auditors. KPMG audited the financial statements of Deutsche Beteiligungs AG for financial year 2008/2009 and management's report, including the accounting, and endorsed them with an unqualified certificate. The same applies to the consolidated financial statements and management's report on the Group for financial year 2008/2009. The auditors performed the audit in accordance with the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). The consolidated financial statements and the Group management report were drawn up in conformity with the International Financial Reporting Standards (IFRS). The auditors confirmed that the consolidated financial statements comply with the IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a HGB.

In their report, the auditors also expressed an opinion on the Board of Management's risk management and surveillance system in respect of going-concern risk. They found it suitable for early identification of developments that might endanger the continuity of the Company as a going concern. The Supervisory Board received the audited and certified financial statements for the year ended 31 October 2009 and management's report on the state of Deutsche Beteiligungs AG in due time, reviewed them in conjunction with the report of the Audit Committee Chairman and the auditors and discussed these documents in detail with the Board of Management in the presence of the auditors. The same applies to the consolidated financial statements and management's report on the Group, as well as to the recommendation for the appropriation of profits.

In our meeting of 25 January 2010, the auditors reported on the results of their audit in general and on specific points of their audit, in particular the question of whether there are material weaknesses in the accounting-related internal control and internal risk management system. This is not the case. Neither were there grounds for other objections. The auditors stated that no circumstances exist that would endanger their impartiality. Furthermore, the auditors reported on the services they rendered in addition to performing the audit. The auditors provided detailed answers to our inquiries. After its own in-depth review, the Supervisory Board found no grounds for objection. On 25 January 2010, we followed the Audit Committee's recommendation and approved the consolidated financial statements and adopted the financial statements of Deutsche Beteiligungs AG.

The Supervisory Board reviewed the Board of Management's recommendation on the appropriation of the retained profits and took particular account of the Company's liquidity, financial budgets and investments plans. Provisioning for the Company and shareholders' interests constituted further criteria in that review. After its review, the Supervisory Board agreed to the recommendation by the Board of Management to distribute to shareholders the sum of 13.7 million euros and carry forward the residual retained profit of 10.7 million euros to new account.

The year 2009 was certainly one of the most challenging in many decades, with Germany's economy declining by almost five percent. The stability that Deutsche Beteiligungs AG exhibited in this environment is worthy of note. We value that performance highly and wish to express our appreciation to everyone concerned. Our thanks to the Board of Management and the staff of Deutsche Beteiligungs AG for their outstanding commitment this past financial year.

Frankfurt am Main, 25 January 2010

Andrew Richards
Chairman

Board of Management and Supervisory Board

Board of Management

Wilken Freiherr von Hodenberg,
Königstein/Taunus, Spokesman
Born 1954, Member of the Board of Management and its spokesman since July 2000. Studied law in Hamburg and Lausanne. 16 years of experience in investment banking, three years of service as an executive for a retail chain. Appointed until March 2015.

Torsten Grede,
Frankfurt am Main
Born 1964, Member of the Board of Management since January 2001. Studied business administration in Cologne and St. Gallen, following a bank apprenticeship. 18 years of experience in private equity at Deutsche Beteiligungs AG. Appointed until December 2013.

André Mangin,
Königstein/Taunus
Born 1954, Member of the Board of Management since January 2004. Studied law in Hamburg. More than 20 years of experience in private equity, corporate finance and investment banking. Appointed until March 2011.

Dr Rolf Scheffels,
Frankfurt am Main
Born 1966, Member of the Board of Management since January 2004. Studied business administration and economics in Frankfurt am Main. Began his career in auditing. More than 15 years of experience in private equity and corporate finance, 13 of which at Deutsche Beteiligungs AG.
Appointed until March 2011.

Supervisory Board

Andrew Richards,
Glashütten/Taunus, Chairman
Executive Director of Pare-Unternehmensberatung GmbH, Glashütten/Taunus

Professor Dr h.c. Rolf-Dieter Leister,
Lucerne, Vice Chairman
Economic Advisor

Dr Hans-Peter Binder,
Berg
Former Director of Deutsche Bank AG

Dr Hariolf Kottmann,
Rheinfelden, Switzerland
Chairman of the Board of Management of Clariant International AG, Muttenz, Switzerland

Professor Dr Günther Langenbucher,
Stuttgart
Former Member of the Board of Management of Ernst & Young AG, Stuttgart

Dr Herbert Meyer,
Königstein/Taunus
President of Deutsche Prüfstelle für Rechnungslegung e. V. (DPR)/Financial Reporting Enforcement Panel (FREP), Berlin

Corporate **Governance**

Good, fiduciary corporate governance is a vital principle for a company's sustainable performance and – like transparency – a requisite in vindicating and fostering the confidence of our shareholders and business partners. It is therefore essential to regularly review existing structures and, if appropriate, adapt them to changed conditions. We reviewed our practice this year again and, as in previous years, there was no cause for any fundamental change.

Consistent with the recommendation of the 'German Corporate Governance Code' (hereafter: the Code), the following is a combined report by the Supervisory Board and the Board of Management on the corporate governance practiced within the Company. The Report of the Supervisory Board contains further important information on this issue (pages 6 ff.); that information is an integral part of our combined corporate governance report. To avoid duplications and for a better overview, we will refer to other sections of this Annual Report on certain partial issues.

Information on corporate governance is continually updated on the website of Deutsche Beteiligungs AG.

We comply with all of the Code's recommendations

The conduct of our business is based on the 'German Corporate Governance Code', which has become a recognised standard in Germany. We discussed the most recent amendments to the Code which became valid on 5 August 2009 and chose to follow all of the Code's recommendations, including the new amendments; these are virtually congruent with our past practice. Our joint Declaration issued on 20 November 2009 states that only one of the Code's suggestions is not being applied.

The principle of simultaneously directing information to all interested parties ranks high in our communication policy. All major reports, announcements and presentations are accessible on the Internet synchronously with the respective event. We also present financial information and other information on the Deutsche Beteiligungs AG Group. Any interested individual can follow our Annual Meeting live on the Internet. Shareholders may elect to exercise their voting rights personally or through a proxy of their choice or through a proxy appointed by the Company who is bound by their directives. All documents and information on our Annual Meeting are accessible at our website.

There was no conflict of interest requiring immediate disclosure to the Supervisory Board on the part of members of the Board of Management and the Supervisory Board.

Performance-linked remuneration for Board of Management and Supervisory Board

The remuneration paid to the Board of Management is composed of fixed and performance-related components, most of which have a long-term incentive. We have been issuing an individualised statement of emoluments paid to the members of the Board of Management since financial year 2004/2005. The remuneration paid to Supervisory Board members is composed of a fixed and a performance-linked component that is geared to the annual development of net asset value per share. Additional information on the remuneration of the members of Board of Management and the Supervisory Board is provided in management's report on pages 67 to 70; this presentation is understood to be a remuneration report within the meaning of clause 4.2.5 of the Code. The 2001 – 2005 stock option programme has meanwhile been concluded; all options granted have either been exercised or have lapsed.

Strict rules on share ownership

Apart from the stock option programme and the employee stock ownership plan (see page 48), members of the staff and the corporate bodies may only purchase shares in Deutsche Beteiligungs AG within a limited frame. Shares may only be purchased and sold during specified periods of time. These periods are largely subsequent to the publication of the Annual Report, interim reports and the Annual Meeting and are announced on the website of Deutsche Beteiligungs AG. The Company received notice of the following reportable securities transactions by members of its corporate bodies in accordance with § 15a WpHG (German Securities Trading Act, 'Directors' Dealings'):

Individual subject to report	Day traded	Transaction	Number	Price (in euros)
Wilken von Hodenberg	10 July 2009	Purchase	10,000	11.80

Irrespective of this, it is not permitted to deal in shares of portfolio companies of Deutsche Beteiligungs AG, nor of companies undergoing the due diligence process or whose portfolio contains companies in which Deutsche Beteiligungs AG is considering an investment. This comprehensive trading prohibition is designed to provide transparency and avoid misunderstandings.

Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act

The Board of Management and the Supervisory Board declare that Deutsche Beteiligungs AG has fully complied with the "German Corporate Governance Code" (hereafter: the Code) as amended on 18 June 2009 and it intends to follow the Code in the future.

Since the preceding Declaration of Conformity dated 20 November 2008, Deutsche Beteiligungs AG complied with the Code as amended on 6 June 2008 with the following exception:

- The D&O insurance for the members of the Board of Management and the Supervisory Board did not provide for a deductible (clause 3.8 of the Code). The D&O insurance only covers negligent breach of duty; it applies to both the staff and members of corporate bodies. Since we did not consider it appropriate to differentiate between the staff and members of corporate bodies, and since a deductible was generally uncommon internationally, we chose not to follow this recommendation. We had and still have no reason to doubt that our corporate bodies and our staff perform their duties and responsibilities conscientiously. For that reason, we did not expect any additional effects from a deductible.

- The regulations on the so-called severance payment cap (clause 4.2.3, paragraph 4 of the Code) that were raised to a "recommendation" relate to the conclusion of Management Board contracts. In November 2008, at the time the last declaration of conformity was issued, no new Management Board contracts were being negotiated, nor were there Management Board contracts up for renewal.

We followed the suggestions of the Code as amended in June 2008, with one exception, and intend to comply with the suggestions – as in the most recent amendment to the Code of June 2009 – in the future to the same extent:

- The performance-related remuneration payable to the Supervisory Board is based on the development of the net asset value per share, the key performance indicator for shareholders, in a financial year and therefore does not contain components related to the Company's long-term performance (clause 5.4.6 of the Code). To date, no model has yet been generally accepted in the capital market to implement this suggestion. We will therefore carefully monitor further developments and effectuate a change, if appropriate.

Frankfurt am Main, 20 November 2009

The Board of Management and
the Supervisory Board of Deutsche Beteiligungs AG

Shares

After falling sharply the previous year, DBAG shares staged a strong recovery in 2008/2009. Net asset value per share improved by 8.2 percent to 18.94 euros per share. Analysts assess the potential of DBAG shares positively.

Value growth and dividends

- Sentiment on stock markets gradually improving
- Strong recovery for DBAG shares
- Surplus dividend recommended

Share price up 49 percent in financial year

Trading for 10.45 euros at the onset of the financial year, DBAG shares rebounded in late summer 2008 and continued their recovery through to early January 2009. On 7 January 2009, they closed at 13.43 euros to record an intermediate high prior to the market's plunge, which saw DBAG shares losing nearly a third of their value. They finished at 9.00 euros on 3 March 2009, marking the year's low. From then until the end of the financial year, DBAG shares maintained an upward momentum, gaining 73 percent to 15.55 euros. The year's high peaked on 18 September 2009, with DBAG shares trading for 17.22 euros. Over the twelve-months period, DBAG shares advanced 48.8 percent. The market capitalisation of Deutsche Beteiligungs AG rose to 212.7 million euros in 2008/2009, up from 142.9 million euros the year before.

On 31 October 2009, DBAG shares closed at 15.55 euros. Including the dividend paid to shareholders, this equates to a share performance of 54.8 percent against the beginning of the financial year. Shares in our company have thus outperformed all other benchmark indices. Over the same period, the Dax (Performance Index) gained 8.6 percent and the S-Dax (Performance Index) 27.1 percent. The LPX50, the benchmark for international private equity companies, even recorded a loss (minus 8.2 percent).

Positive performance disproves general expectations

The share price trend this past financial year very clearly reflects the capital market sentiment: As of autumn 2008, our shares – like those of other listed private equity companies – were traded at a historically high discount to net asset value per share. Market players expected profits of companies in the portfolios of private equity investors to fall steeply across the board. Market participants argued that the intrinsic value of private equity shares might be impaired, possibly even to the point of total losses on investments. Beyond that, equity investors assumed that private equity firms might not be able to exit their portfolio investments as easily and profitably as in past years and, lacking sufficient liquidity, might need to constrain their investment activity.

These assumptions or hesitations about private equity companies were not confirmed by the business trend recorded by Deutsche Beteiligungs AG: Our exposure to risk was comparatively low due to our sizeable cash reserves, and two very profitable realisations delivered proof of the valuableness of the portfolio and solidity of our valuations. Against a backdrop of general uncertainty, we provided comprehensive information on the debt position of the investee businesses in the portfolio, facilitating insight into the development of net asset value per share.

Share performance from 1 November 2008 to 31 December 2009 %

Share performance from 1 November 2004 to 31 December 2009 %

In line with that, DBAG shares have registered strong gains in recent months: the share price has now moved closer to net asset value per share. The discount, which at times had amounted to more than 50 percent this past financial year, decreased to less than 20 percent at the end of 2008/2009. On 21 January 2010 it had amounted to some seven percent in relation to net asset value per share of 18.94 euros on 31 October 2009.

Average trading volume lower

Trading volumes in DBAG shares again fluctuated strongly this past financial year: Average daily turnover ranged from a maximum level of about 818,000 euros in December 2008 to a minimum of 168,000 euros in May 2009. Trading in DBAG shares largely developed along similar lines as that of the overall stock market in Germany – or, in total, on a lower level than in the preceding financial year. Daily trading averaged 30,200 shares (previous year: 69,300 shares).

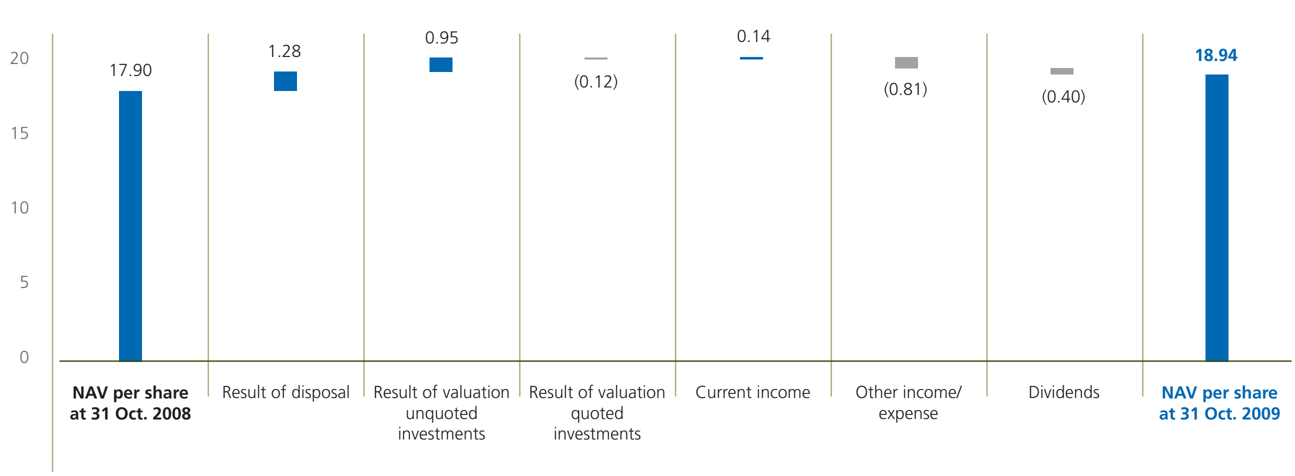
In relation to the free-float market capitalisation, shares in float ownership had a turnover rate of 0.6 (2007/2008: 1.3). The Xetra trading platform gained further in importance for trading in DBAG shares. Nearly 90 percent of the turnover was Xetra-traded. This compares with 85 percent the preceding year.

At 31 October 2009, the number of issued shares was 13,676,359, unchanged compared with the previous year. The Company itself held no shares.

Net asset value per share gains 8.2 percent

For the year ended 31 October 2009, net asset value per share grew by 1.04 euros to 18.94 euros. This equates to an improvement of 8.2 percent on the preceding financial year. Adjusted for the dividend, the major part of the increase stems from the net result of disposal; it amounts to 1.28 euros per share. Valuation movements of non-listed portfolio companies account for 0.95 euros per share; this includes the positive valuation effect based on the price agreed for the sale of MCE AG. A loss of -0.12 euros on the NAV per share comes from the fall in the price of shares in Homag Group AG. Current income from investments contributed 0.14 euros to the NAV per share. "Other income/expense", the net amount of income and expense items including income taxes and minority interest, accounted for a loss of -0.81 euros on the NAV per share.

Change in net asset value per share 2008/2009 €



Gap between share price and net asset value per share | %

Shares in Deutsche Beteiligungs AG are a constituent of different indices composed exclusively of listed private equity stock. Effective 22 December 2008, DBAG shares became a component of the Dow Jones STOXX Private Equity 20 index, the only German company in that index family of 20.

As one of two German stocks, DBAG shares have been a member of the LPX50 index, which is determined on a total return basis, for some time. The LPX50 tracks the performance of listed private equity companies. It consists of the 50 largest private equity firms worldwide, measured among other things by market capitalisation and trading volume. At the end of October 2009, the LPX50 was composed of 23 European companies (of which nine are UK-based), 23 American (thereof 22 in the US and Canada) and four Asian firms. DBAG shares have a weighting of 0.80 percent in the index. In recent years, a number of funds and certificates were launched on the index. This supports the demand for our shares. In addition to the LPX50, DBAG shares are also a constituent of further private equity indices.

Visit www.stoxx.com and www.lpx.ch for more information.

Share profile	
WKN/ISIN	550810/DE0005508105
Symbol	Reuters: DBAG.F Bloomberg: DBA
Listings	Frankfurt (Xetra and trading floor), Berlin-Bremen, Düsseldorf, Hamburg, Hanover, Munich, Stuttgart
Market segment	Prime Standard
Index affiliation	S-Dax; Classic All Share; C-Dax; Prime All Share; Deutsche Börse sector indices: Supersector Finance, Insurance and Real Estate ("FIRE"), Sector Financial Services, Subsector Private Equity & Venture Capital, LPX50; Dow Jones STOXX Private Equity 20
Designated sponsors	Deutsche Bank AG, Close Brothers Seydler Bank AG
Share capital	48,533,334.20 euros
Number of shares issued	13,676,359
thereof, outstanding	13,676,359
First traded	19 December 1985

Share data		2008/2009	2007/2008	2006/2007
Closing rate	€	15.55	10.45	24.10
Financial year high [1]	€	17.22	23.99	31.88
Financial year low [1]	€	9.00	9.06	16.78
Annual performance [2]	%	54.8	-46.8	57.3
Market capitalisation [1]	€mn	212.7	142.9	347.1
thereof, free float		190.1	135.8	347.1
Average daily trading volume [3]	€mn	0.370	1.244	1.793
Dividend per share [4]	€	0.40	0.40	1.00
Surplus dividend per share [4]		0.60	–	2.50
Distribution sum [4]	€mn	13.7	5.5	47.9
Earnings per share [5]	€	1.44	-3.73	9.20
Cash flow per share [5]	€	0.70	0.52	3.00
NAV per share [6]	€	18.94	17.90	25.09
Price/NAV ratio per share [6]		0.82	0.58	0.96

[1] Xetra closing rate
[2] adjusted for dividends
[3] according to Deutsche Börse AG data
[4] 2008/2009 recommended, 2006/2007 incl. surplus dividend
[5] weighted
[6] at 31 October 2009

Recommended dividend 1.00 euro per share

Determinative for dividend distributions are not the IFRS-based consolidated financial statements, but the consolidated retained profit of Deutsche Beteiligungs AG drawn up in conformity with the German Commercial Code (HGB). The annual profit and retained earnings also determine the potential for possible share buybacks. The HGB-formatted annual result is based on realised sales. Apart from permanent value impairment, unrealised valuation results are not considered in HGB accounting. Consequently, the annual profit according to HGB depends to a decisive degree on whether we were able to achieve significant sales proceeds and whether we need to recognise notable impairment losses of a permanent nature. Irrespective of this, we emphasised our intention to pay a dividend on a continual basis, if at all possible.

In view of the distribution potential that derives from recent realisations, the Board of Management and the Supervisory Board recommend paying a dividend of 0.40 euros per share (previous year: 0.40 euros per share), in addition to a surplus dividend of 0.60 euros per share. That adds up to a total dividend payment of 1.00 euro per share (previous year: 0.40 euros per share; a surplus dividend was not paid).

Firm ranking in the S-Dax

Based on the definition of the German Stock Exchange, the free float portion of the shares in Deutsche Beteiligungs AG amounted to approximately 89 percent. In August 2009, Mr Dirk Roßmann, sole shareholder of Rossmann Beteiligungs GmbH, announced that he now holds 10.6 percent of the shares in Deutsche Beteiligungs AG, including those shares Rossmann Beteiligungs GmbH had previously held.

Due to our shares' outperformance, they now rank higher in the S-Dax: on 31 October 2009, DBAG shares, measured by free-float market capitalisation, ranked 14th (previous year: 23rd) among the 50 S-Dax stocks.

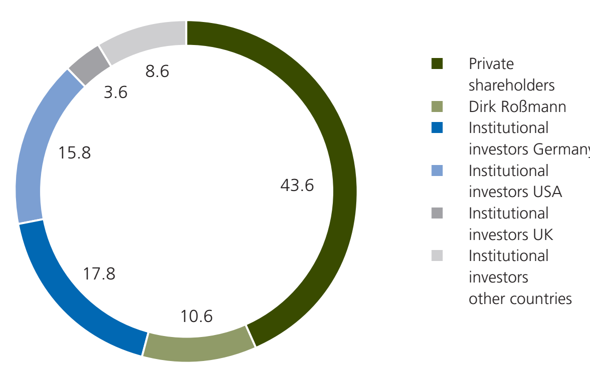
Capital market communication

- Survey shows stable shareholder profile
- Experts assess DBAG shares positively
- Rankings honour detailed and prompt communication

Shareholder profile

In November 2009, we completed a new shareholder survey. It shows a few changes in the dissemination of our shares among the various groups of investors. One notable change is the reduced proportion of shares held by international institutional investors, which decreased from 35.3 percent to 28.0 percent. We welcome the fact that our shares are increasingly in the portfolios of funds that exclusively invest in listed private equity stock. German institutional investors hold 17.8 percent of the shares, and 43.6 percent were in private ownership; both categories were almost unchanged on the preceding year (previous year: 17.2 percent and 42.4 percent, respectively). The holdings of private investors are spread over 10,400 portfolios (previous year: 11,000).

Shareholder profile | %



Analysts: Mostly buy recommendations

Six analysts from German and British investment firms regularly monitor our shares throughout the financial year. DBAG shares are also monitored by further analysts who exclusively assess listed private equity and comparable companies. The analysts' investment ratings are predominantly positive: At the end of financial year 2008/2009, we knew of no "sell" recommendation; the analyst from J.P. Morgan Cazenove, however, estimates that DBAG shares will "underperform" in the near term since the gap between share price and net asset value per share has grown considerably smaller. Berenberg-Bank has temporarily suspended monitoring our shares due to personnel changes. Analysts' recommendations are regularly documented on our website in the section Investor Relations/ Research as soon as they come to our attention. The table below presents analysts' ratings at the beginning of financial year 2009/2010.

Analysts' ratings for Deutsche Beteiligungs AG	
Bankhaus Sal. Oppenheim	"Buy"
HSBC Trinkaus	"Overweight"
Close Brothers Seydler Research	"Buy"
J.P. Morgan Cazenove	"Underperform"
Landesbank Baden-Württemberg	"Buy"

Strong capital market presence

The dialogue with our shareholders ranks highly at Deutsche Beteiligungs AG. On numerous occasions this past financial year, we reported on the current business trend and the attractiveness of our shares and presented the Company at major international financial centres. We significantly increased the number of road shows compared with the previous year from eight to 15, and we met with 49 institutional investors in nine cities.

Maintaining close relations with our investors will continue to be a priority issue in 2010. For information on our current investor relations activities, visit our barrier-free website at www.deutsche-beteiligung.de/ir.

The same applies to our participation at investors' conferences. We presented DBAG shares at four events with large audiences attending. One particular event was the presentation at "Listed Private Equity Day" in Geneva: For the first time, we presented the Company jointly with six other listed private equity firms that work with us at LPEQ, a research and information initiative.

LPEQ (Listed Private Equity) aims to enhance understanding of the asset class of 'listed private equity' among all groups of investors. LPEQ today has 17 members who, together, have a market capitalisation of about five billion euros; that corresponds to nearly one-sixth of the market capitalisation of all listed private equity companies in Europe.

Annual Report wins award

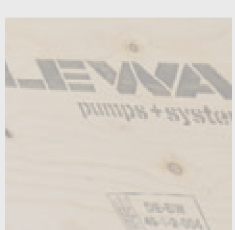
Deutsche Beteiligungs AG attaches particular importance to providing comprehensive information to shareholders. The Annual Report for the 2007/2008 financial year could serve as proof of this: It scored second place among S-Dax listed securities in a competition sponsored by manager magazin. Measured by the total number of points, our Report ranked 20th among 180 submitted reports. On behalf of manager magazin, a team led by accounting expert Professor Jörg Baetge (University of Münster, Germany) and a jury of capital market specialists analyse the annual and interim reports of major listed companies each year in Germany (Dax, M-Dax, S-Dax and Tec-Dax) and Europe (Stoxx 50). The reports are judged by content, design and language, with a major focus on the content criteria, i.e. on the analysis of management's report and the consolidated financial statements. In total, our Report was rated "good".

We also scored highly in a survey of the length of time required for the auditors' certificate. In a comparison both with other S-Dax companies and other listed companies in our business sector, the time span from the financial year-end to the auditors' certificate is considerably shorter than average in each case (see research "Close Cycle Ranking" by ifb AG; investigational group: 1,058 companies worldwide, thereof 110 in Germany).

Equity, Time and Expertise

Lewa – the story of a successful investment partnership

Financial investor
Management
Local partners
Staff
Market
Clients



DBAG

The financial investor's perspective

Lewa's strong management led the way: developing technologies, expanding the product portfolio and internationalising the sales network

6 July 2009:

Four years after our investment, we sold our stake in Lewa GmbH. Headquartered in Leonberg, Germany, Lewa has set technology standards for more than 50 years in metering and process diaphragm pumps and end-to-end pump systems as used in the process industry. Lewa's new owner is its preferred partner, and the new constellation will now allow the company to move forward and become a global leader in the manufacture of pumps. This exit concludes an investment process that perfectly illustrates the way Deutsche Beteiligungs AG works. It is a process through which, ideally, everyone wins: the company, its staff, its clients, its local partners, and the investors.

Such success stories require more than a mere investment of capital. We also back our companies over the investment period, contributing our extensive expertise and differentiated knowledge, working with them side-by-side whenever and wherever they need our support or advice.

For Deutsche Beteiligungs AG, entrepreneurial scope is the priority issue – the platform for its portfolio companies' **profitability** and **long-term viability**. Profitability is crucial, since it is the purpose and key driver of every successful enterprise. Long-term viability is equally important, since only a sustainable business model will ensure profitability over time. By focusing on these two goals, we automatically create the requisites for a profitable investment: aligning the interests of all the constituents involved.

Our contribution: equity, time and expertise

Deutsche Beteiligungs AG has more than 40 years of experience in private equity. In backing companies for a period of four to seven years, we bring a number of key strengths to our partnerships, in addition to financial resources. For instance, a finely tuned sense of timing as to when decisions must be taken, and a wealth of hands-on expertise deriving from over 300 transactions in Germany's 'Mittelstand'. The equity we provide, moreover, often comes at a critical time for many investee businesses. It creates new avenues for taking action, such as when family-run companies lack a successor, when borrowings require new sources or when growth plans need funding.

Equally important for the success of an investment, however, is that an investee company starts down the right route at the right time. The key momentum comes at the onset of our investment, when we work together with management to draw up a framework for the coming years. Timing plays a central role here, too – for example, when defining time lines for the agreed objectives. Our pro-active partnership extends over the entire holding period until we exit the investment – the day when we entrust the company to others who can do more at that point to move the company forward. For Lewa, we found a new partner who ideally meets these needs.

Our decisions are taken based on **experience** and **knowledge**. For four decades, we have been focusing on companies whose business models are rooted in the outstanding quality of their products and associated services. Such enterprises are frequently found in the mechanical and industrial engineering sectors, in the automotive supplies industry and other industrial fields – companies that will frequently have a global presence and that offer significant potential for future development. We are very familiar with how such companies operate and we maintain a tightly knit network of contacts. In working with Lewa, these assets proved very helpful in settling the succession issue for the company's top management position.

What we look for

Company

An enterprise from the key sectors we have been investing in for years

Management

An entrepreneurially-minded management willing to co-invest in the business

Market

A leading market position rooted in products of outstanding quality

Prospects

A company with growth potential and strong earnings prospects

The companies we focus on

As an equity investment firm, we concentrate on identifying and developing corporate potential. Such potential was clearly present at Lewa: The market for high performance pumps is inherently a growth market – and one in which Lewa has long been a technology leader. Lewa is one of those enterprises whose products make their client's business more profitable. Such enterprises can stay resilient across all business cycles, and opportunities will open up for them to grow – by adapting their technologies to other applications or entering new regional markets.

Lewa also met the criteria we consider vital: The company had a proven business model and it held an outstanding market position in one of our preferred industries. Ultimately, our role is not to reconstruct a company, but to clear the hurdles blocking the path to further development. As an investor in industries subject to cyclical trends, we are well aware that the path to progress may not always be smooth and straight.

We backed Lewa for a period of four years. During that time the company made such excellent progress that, in the end, its performance significantly outpaced forecasts. The favourable business environment was undoubtedly conducive to this. But the decisive driver was our ability to create a high-end strategy together with the company's forward-looking management and to have then set the stage to implement that strategy in a collaborative effort with all stakeholders.

Lewa – a prime example

Core industrial sector	✔
Established structures/family ownership	✔
Strong market position	✔
Strong technology position	✔
Unique products	✔
Capital need	✔
Mid-sized company	✔
Profitability potential	✔

The path to value growth

The acquisition phase is key for us. This is when, together with management, we agree objectives and define the cornerstones of the strategy. Lewa was no exception: In our role as the lead investor, and working closely with the new management team, we developed an economically feasible forward-looking concept in 2005.

Our wide-ranging network of contacts in industry and our many years in the market ensure an ongoing stream of new investment opportunities. Our recently expanded research team plays a critical role in analysing their potential.

In the following phase, we back management through active work in supervisory bodies – either by taking offices on the supervisory board or, as was the case for Lewa, on an advisory council.

Lewa made excellent progress in its pursuit of the agreed objectives. The company increased sales, streamlined its managerial and workflow organisation and became considerably more profitable.

A glance at the figures shows the degree to which Lewa developed. In the 20-year period before Deutsche Beteiligungs AG and its co-investment fund entered into the investment, sales increased by an annual average of 3.5 percent. During the time of our investment, sales growth averaged 15 percent annually. The trend in earnings, formerly reaching less than five percent, was even more impressive: it surged more than 20 percent.

Fuelling this process was a fortified, pro-active management team who knew how to work the levers for creating value in an industrial enterprise, namely: internationalising the sales organisation and transferring proprietary technology to new fields of application.

In our experience, another major factor for success is management's co-investment in the company. A management buyout turns managers into co-owners – a status that underscores their credibility in the operating business and promotes a sound enterprising approach. At Lewa, the responsibility principle was reinforced vertically by introducing co-investment programmes at second and third management levels.

Profitable realisation

It is particularly rewarding when several suitable exit options exist concurrently. This was the case for Lewa: Based on its impressive development and position, the company was an attractive acquisition candidate for a number of strategic investors. After a round of negotiations, the decision was reached to sell the company to management's preferred partner, Japan-based Nikkiso Co., Ltd. The new ownership will create optimal access to the global market for Lewa and excellent opportunities for developing along the envisioned lines.

Management

Interview with Lewa CEO Bernd Stütz

Bernd Stütz joined the management team only a few months after Lewa changed hands in 2005. What he brought with him were international experience, new momentum and the courage to implement innovative ideas. The company's employees were quick to embrace the new corporate philosophy.

Lewa in 2005, Lewa at year-end 2009 – what are the greatest changes after four years of private equity involvement?

Stütz: Three things stand out. First, we started off as a pump manufacturer and became a solutions provider, which makes us a more valuable partner and means we are no longer that easy to substitute. Second, Lewa's performance has always been good, but we've improved it significantly – something that is important when weathering times of crisis like these. Finally, we now operate in additional business areas, which bring new opportunities for growth. We would not have achieved this progress without the momentum generated by the change in ownership in 2005 – at least not to this extent.

What exactly led to the financial investors' entry?

Stütz: Lewa was a healthy German mid-sized company. It was focused on developing its products, but beyond that was not very ambitious and left much of its potential unused. By inquiring about strategy and business plans, the new owners triggered a change in corporate culture …

… which the management team then had to implement?

Stütz: Dr Höhler, my colleague on the team, and I needed no convincing. When I came to Lewa at the time the financial investors took over, we recognised that it would do Lewa good to not only have an eye on technology, but to develop a more market and client-centric approach.

How did you accomplish that?

Stütz: If you continue to do things as in the past, you will never achieve any new goals. In other words, we had to change processes. To achieve such a cultural shift, we had to make a few changes in management, which is probably easier to do in partnership with a financial investor than in a family-run business. The colleagues we hired consider Lewa 'their' company, which they want to see grow. We wanted to become more assertive and accomplish things that had not been done at Lewa before.

For instance?

Stütz: Our pumps are an ideal fit for the oil and gas industries. To succeed there, you have to be on-site with your sales and service organisation. We therefore expanded our presence in global markets and became more aggressive in pursuing projects. We realised that we needed to take our specialised expertise and make a profitable business out of it. We needed to offer our know-how in markets not served in the past and communicate our proposition to potential users in those markets.

How much time did that require?

Stütz: Naturally, it did not happen overnight. It was the result of a systematic strategic process we called 'Lewa FIT', whose individual components were spelled out in a 184-page document. I knew that with more than 100 engineers, Lewa had the highly skilled and qualified staff for implementing change. The company had a huge amount of unused potential. To tap it, we used numerous smaller projects to change the way we work together.

Which aspects were particularly important?
Stütz: Fundamentally changing inter-company communications – across all levels – was crucial, since it was the only way to access our staff's unused potential. We now talk to each other much more than before, and we do so across departmental lines. The works council now receives more information than it requests. I myself spend entire days with our trainees and get to talk directly with our employees at all levels.

"It's good that we talked" may be nice, but alone will not generate higher sales or increased earnings ...
Stütz: True, but it lays the foundation for that. In early 2006, we created "profit teams". Two or three people on each team looked at certain types of costs within the company and asked how they could be sustainably reduced. This only works if you introduce brainstorming sessions and build a corporate culture of open communication that allows questions to be asked, without the answers always being predetermined. The profit teams still exist today. We gained a lot from them, in addition to cutting costs. They helped us transform our employees into active participants in our corporate processes – something that has raised motivation levels as a result.

We have also implemented these ideas in our production and assembly teams. Today, production employees are fully responsible for a given order – from assorting the parts and assembling the components to testing the finished product. That promotes a great sense of responsibility.

Professional qualification is another area we focus on. As part of Lewa FIT, we founded Lewa Academy – a simple, yet effective organisational superstructure for offering training courses and seminars. Although the costs are considerable, we believe it is a very profitable investment. Formerly, there were five courses offered in the company, today there are 50. Every Lewa employee has been given a "Passport to Quality", which certifies every course he or she has taken. Employees then receive a bonus after they have earned a certain number of credentials.

How have the financial investors contributed to Lewa's success?
Stütz: By insisting on high levels of transparency and stringent corporate governance – both of which have helped us to develop further. Another important contribution stems from their business

model – acquiring companies using leveraged finance – since it means ensuring sufficient liquidity is on hand to meet financial obligations. That takes discipline and, in our case, caused us to change our focus and dramatically improve our working capital. This alone increases efficiency.

Is pressure from investors therefore the secret to success?
Stütz: No, not at all. Our investors supported us in implementing our strategy and did not insist on constant payouts. We always had the funds we needed – to internationalise our sales organisation, for example. We were also able to acquire a company in Norway and in North America and establish joint ventures, as we did in Asia. Moreover, we increased our R&D expenditures considerably and developed new products – not to mention the investments in staff I've already discussed. Beyond that, we added 40 new employees during that time. The investors supported us 100 percent, but did not intervene in the operating side of our business.

Every investment is preceded by an in-depth due diligence process that examines financial, commercial and strategic issues. The process also includes strategic discussions with management, whom we strive to advise and support in pursuit of our common goal: to lead the company to a profitable future.

You have worked for major corporations, family-run businesses and, now, financial investors. From your point of view, what are the main differences?
Stütz: In a large corporation, politics is often a consideration; you need to be aware of internal trends and make compromises – something that often requires taking the long way round. In family companies run by the owner, things are often not managed as optimally as they could be. In my experience, financial investors combine positive aspects of both worlds: a systematic focus on performance and an unwavering concern for the company itself. In other words, entrepreneurship, pure and simple.

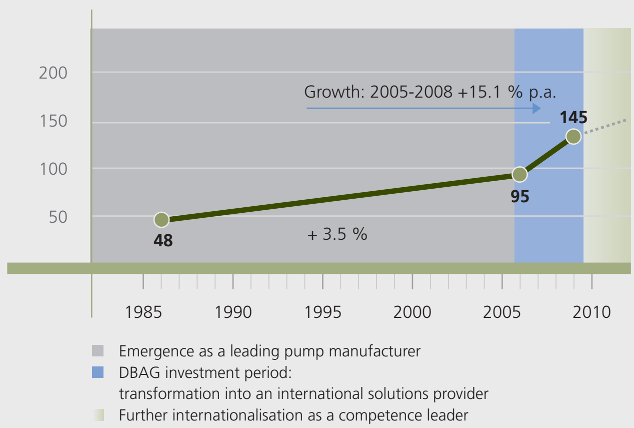
How did co-investing in the company influence your own efforts?
Stütz: In virtually all cases – let's say about 95 percent of the time – I would not have acted otherwise, had I not bought into the company. But it contributed enormously to my credibility vis-à-vis the staff, since they liked the fact that there was again someone at the top who was risking his own money when taking decisions and expecting things of others. As a buyout manager you are not only the CEO, but a managing partner – and that sends an important message.

How do you see Lewa's future now under Nikkiso's ownership?
Stütz: I am very, very confident things will go well. The new ownership gives Lewa the opportunity to become the true market leader for high-end metering pump solutions.

That sounds very optimistic.
Stütz: Yes it does, and we have every reason to be optimistic. Lewa has undergone an extensive efficiency-enhancement process, which the financial investors initiated and promoted. We are in a much better position and can operate a lot more self-confidently. The experience that our employees gained during the process has made them and the company stronger, something that is clearly demonstrated by the recent sale. All prospective buyers who talked to us were not only impressed by the hard facts, such as our products and our market presence, but by the soft factors as well – our finely-tuned strategy, effective internal communications, highly qualified personnel and people-first corporate culture. The value of these assets was reflected in the price the new owners were willing to pay.

Lewa: Basic data	
Business activity	Development and production of high-performance metering and process diaphragm pumps
Head office	Leonberg, Germany
Founded	1952
Subsidiaries	more than 15 worldwide
Sales units	in 90 countries
Staff	700 worldwide, with 400 at the head office
Sales	2008: 145 million euros
Strategic focus	international growth

Development of sales €mn



Lewa has developed considerably over the past four years – from a pump manufacturer to a solutions provider. Moreover, our plant construction activities give us a new strategic direction, and in Nikkiso we have found a partner who is very open to our ideas.

What does that mean on a practical level?
Stütz: For example, we are talking to Nikkiso about relocating a number of products and their production from Japan to Leonberg. We would then be the sole manufacturer of diaphragm pumps in the group. Through Nikkiso, our new owner, a number of gaps in our sales network will be closed. We will gain access to the markets in Japan and in neighbouring countries – an enormous potential. Finally, our extensive sales network will now be able to offer the complete Nikkiso product range – greatly enhancing the attractiveness of our offerings. It may sound trite, but I see a situation here where everyone wins.

On-Site in Leonberg

Lewa, a key player for the region's economy

The lyrics of the song that callers hear in the loop when they ring the mayor say it all: 'Leonberg is a great place to be …' Leonberg is located on the outskirts of Stuttgart and is home to a population of 45,000. More people leave the town each day to go to work than come into the city to earn their living. Lewa is the second largest manufacturing company in Leonberg. Any responsible politician would therefore look twice when a company like that changes hands. After all, it directly affects jobs, apprenticeships for young people and, not least, tax revenue.

"At the time, I told the workforce that the sale to Deutsche Beteiligungs AG was a good solution for the company," says mayor Bernhard Schuler, who also candidly admits to his initial scepticism over the acquisition. And even though Lewa was the most successful enterprise to be established in Leonberg in the post-war era, he adds, the company's sale was expected, since there was no successor in the family to take over. Fortunately, Lewa's performance after the change of ownership quickly dispelled all doubt. "Naturally, in my role as mayor, I would prefer to deal with family owners, since they are generally more approachable – you can rely on what they say," he explains. "But that was also true of Mr Stütz. He was always as good as his word."

Mayor Bernhard Schuler
is very pleased about Lewa's
outstanding performance
in a globally competitive field.

Staff

Participation and the courage to c

"Wait and see what happens." That was the hesitant response of the two head members of the works council in summer 2005, after it was announced that two financial investors were to become the owners of the company that employed them. Yes, there were concerns among the staff, says Bernhard Holland, chair of the council. Not to mention the usual fears that 'corporate raiders' were about to descend to 'strip' the company, adds vice chair Andrea Bräunig. "Deutsche Beteiligungs AG was an unknown quantity for us. We didn't know what to make of them."

That has changed. "In retrospect, I'd say it was a good deal," Bernhard Holland concedes four years later. His assessment is undoubtedly well-founded, since he looks back on more than two decades of service to the company, giving him a solid vantage point for judging the impact the change of ownership had and, linked to that, the changes in the way the company was managed. "First we were provided with all manner of facts and figures," he says. "After that a completely new style of communication was introduced within the company. Since then we know where we stand."

The new momentum proved to be contagious. Suddenly, training courses and professional qualification gained a new importance, says Andrea Bräunig, who also organises workshops as part of the

As investors, we endeavour to consider the interests of all stakeholders in our portfolio companies. Our capital provides the scope for the management and staff at our enterprises to bring their concepts to bear. Through their dedicated efforts, they create a company that is able to successfully market its products and services – which, in turn, secures jobs.

change


Bernhard Holland and Andrea Bräunig, members of the works council at Lewa

Building trust and motivating employees – through transparency, teamwork and shared rewards

Lewa-FIT project, in addition to her duties on the works council. With more than 20 years of service, she has spent most of her professional life at Lewa. The company's employee suggestion scheme, she adds, was basically in hibernation for years. Under the new aegis, however, ideas submitted by the staff were systematically integrated into development, production and marketing activities. "That's a big plus for the company," she says.

"Our people can now contribute to improving processes," Holland emphasises. And Lewa of course benefits when its employees acquire a feeling for the big picture and get to know each other across departmental lines – at one of the company's many workshops, for example.

Yet when he talks about the "detailed and ambitious annual targets" that were set in 2006 for the first time, a bit of the uneasiness surfaces that he felt back then. For long-standing employees, the shift from a family business to a portfolio company held by financial investors required a new mindset. The initial uneasiness, however, was followed by changes – positive ones. Today, Holland sees the annual targets as 'incentives'. Contributing towards that were bonuses that everybody received after targets were reached in the boom years of 2007 and 2008. Those years not only saw excellent performance, they also fostered the company's sustainable development.

'Corporate raider' is not a concept that Bernhard Holland and Andrea Bräunig would associate with their employer. "We never encountered that type of mentality here," they report.

1952
How it began: Engineers Herbert Ott and Rudolf Schestag founded "Ingenieurbüro LEWA" LEonberger WAsseraufbereitung (Leonberger Water Treatment). Their unique selling proposition was soon "customised metering pumps".

1962
More than 100 employees: Lewa markets its product range in major parts of Europe and overseas, in countries such as the US.

1972
Completing a successful decade: By developing sophisticated diaphragm pumps, Lewa tripled revenues within a period of 10 years.

1950 1655 1960 1965 1970 1975

Markets

Setting standards

There are many ways to position a company in the marketplace. Lewa decided on the upmarket option: Driven by technology, it searched for the best individual solutions for its clients – and thereby set the pace within the industry. The many Lewa patents that became prototypical in metering pump technology attest to that.

After 57 years of successful business operations, Lewa's process diaphragm pumps and metering systems are found in all relevant markets around the world. The company currently serves a remarkably broad customer base – and there is no end in sight for its ongoing development.

Its formula for success is simple: Lewa views its markets as a permanent challenge to improve. The market – meaning the customer – defines the job to be done, and Lewa creates a customised solution. Flexible 'building block' components provide an initial, serially-produced template – and help reduce costs. After customised detailing, each solution then reflects the specific needs present at each production site. Frequently, the solutions take the form of "all inclusive" packages that include services such as maintenance and repair.

Oil, gas and chemicals are the markets from which Lewa originally grew. At gas and oil production sites around the globe, for example, systems designed by Lewa pump fluids up to 10,000 metres into the ground. In addition to ensuring that the drilling operations go smoothly, they protect the pipes against rust.

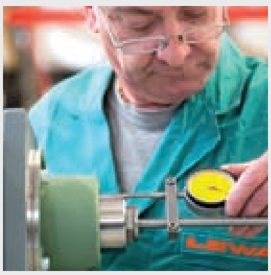
New markets – such as the pharmaceutical, plastics and cleaning agent industries – have since been added to its traditional portfolio. The food and beverage industry has also come to appreciate Lewa products, since food colouring, aromas and other additives must be safely transported, before being mixed into the final product in exact amounts. Reliability is a critical factor in applications such as these: System downtimes are costly and need to be avoided wherever possible.

1982
Reengineering process successfully completed: In the 1970s, Lewa continually works to improve its technologies and, in the early 1980s, replaces one technology with a fundamentally new model range.

1992
A broad platform: Process diaphragm pumps, systems technology and service now drive the company's development. In addition to its own product range, Lewa also begins distributing the products of other manufacturers.

2002
Half a century: Through its extensive network of sales offices and sales representatives, Lewa is present in more than 60 countries worldwide. Lewa focuses on a new corporate objective: 'The Technology Advantage'.

1980 1985 1990 1995 2000



Lewa products are also key in the pharmaceutical industry: No insulin is produced today without Lewa technology being part of the process. The company's specialised diaphragm metering pumps ensure that the process used to produce this life-supporting substance remains free of impurities.

The Leonberg-based company has also long been a player in next-generation energy and environmental markets. Its products are used to produce biofuels, as well as to compress and transport CO_2 to underground storage facilities. The pumps and systems used in such operations need to handle pressures of up to 1200 bar and temperatures of up to 150° C.

'Creating Fluid Solutions' is the slogan that will be guiding Lewa's future. After the acquisition by Nikkiso, it is a future that, more than ever before, will be taking place on global markets.

'German Engineering' – the term refers to business models in mechanical engineering, industrial automation and automotive supplies that are rooted in outstanding engineering performance. It is a field where Deutsche Beteiligungs AG has many years of experience in calculating business risks and assessing development potential.

A "fantastic time" and "a great experience before retiring" – Dr Reinhard Dechow's words sound enthusiastic when he describes Lewa's change of ownership in 2005. The former owners – the wife of the late founder, Herbert Ott, and their two daughters – had been looking for a new owner who would warrant the company's ability to operate independently. Having led the family-owned business in the past, Dr Dechow was instrumental in finding new partners, people who, as he puts it, would "understand a mechanical engineering firm, have the courage to initiate change and help drive the company's development". Having spent another two years on the management team and then on the advisory council, he had a crucial part in Lewa's strategic development.

September 2005
Change of ownership: In a management buyout, a group of investors led by DBAG acquires the family-owned business from the wife of the late owner, Herbert Ott, and their daughters.

2005

Clients

Service is also a crucial component

When it comes to change, external challenges are even more critical than the internal ones. After Lewa's ownership changed hands in 2005, clients were adamant that Lewa continue delivering the quality they were accustomed to. Meeting or beating past standards thus became the objective.

A refinery cannot function without pumps. And many of the substances that flow through the pipes must not escape these closed-circuit systems, because of the potential hazards to humans and the environment. Stephan Almasy, Senior Expert for Rotating Equipment at Austria-based OMV AG, has been familiar with Lewa products for years. The first ones he encountered were installed shortly after the engineer joined OMV, a leading European oil and gas provider. That was 35 years ago. Although some of the original pumps have now been replaced, Almasy still relies on the technology and quality delivered by Lewa for mission-critical tasks.

He kept a watchful eye on things when DBAG invested in the company. "Service competence is a key issue for us," he says. "Quality sometimes deteriorates when a new owner comes in." Yet the ownership change in 2005 was, he adds, a "smooth transition", without any "negative implications for us". He looks to the future confidently and expects the new owner to take clients and their needs just as seriously. Even more importantly, the company will be offering an expanded product range. "Lewa's broader market presence suits us just fine," he openly admits.

2007
New milestone in performance:
With a staff of 600 in 16 subsidiaries worldwide, Lewa increases sales by 25% within a period of one year. This motivates the company to reach for new horizons, and to continue its international expansion.

September 2009
Takeover by Nikkiso Co., Ltd.:
After four years of impressive growth, Lewa becomes an attractive property, ready to take on the next phase of its development under the ownership of a strategic investor.

2010

Investments

For years, Deutsche Beteiligungs AG has held a high-quality portfolio, and 2008/2009 was no exception. In July and October 2009, we agreed two very profitable exits. In a tough economic setting, the value of the remaining companies in the portfolio decreased.

General review

- Slow market for corporate transactions
- Low sum spent on new investment
- Lewa GmbH and MCE AG realised
- Portfolio value fell

Financial crisis lames private equity market

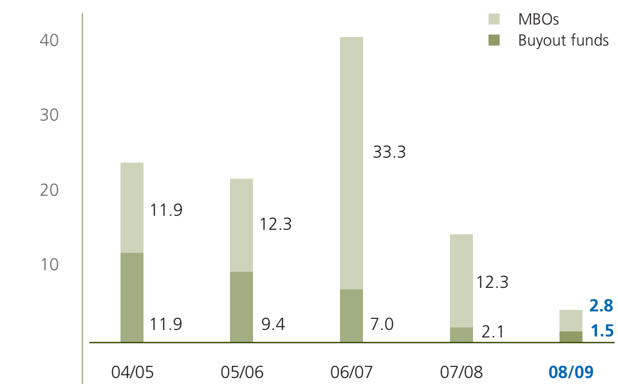
The financial crisis and, in its aftermath, the deep economic disruptions this past financial year have impacted the market for corporate acquisitions and impeded our investment activity. The sudden downturn in many sectors of industry and in all economic regions between autumn 2008 and autumn 2009 did not permit sound forecasts on companies' potential for development. Investment decisions thus lacked one of the fundamental platforms on which they are normally based. Additionally, the persistent weakness in the banking sector caused the supply of leveraged finance to almost completely vanish. In 2008/2009, we therefore confined new investment to smaller follow-on financings for existing investee businesses, who used these resources for add-on acquisitions and – in two instances – to improve balance sheet structures. We also funded final capital calls by an international buyout fund. New investment for the year totalled 4.3 million euros.

Please refer to Management's report
pages 41 to 43 for a detailed account of market events

Profitable realisations

2008 and 2009 were not years for large or numerous M&A transactions, and initial public offerings have only been staged sporadically since mid-2007. Financial investors felt the tight supply of debt finance, which threatened to almost dry up. Strategic buyers focussed on a few, select deals. Given this scenario, the fact that Deutsche Beteiligungs AG very profitably realised two investments

Portfolio profile by investment type | **€mn**



from the portfolio merits particular acclaim. Japan-based Nikkiso Co., Ltd. purchased our interests in Lewa GmbH, and we agreed the sale of MCE AG with Bilfinger Berger AG.

The sale of MCE AG in October 2009 was conditional upon the approval of the anti-trust authorities and was therefore not completed before the beginning of the new financial year. For that reason, MCE AG was still carried in the portfolio of Deutsche Beteiligungs AG at 31 October 2009. Please refer to page 24 for an account of the two realisations this year.

In addition to these two transactions, HSBC Technology Fund, an older international buyout fund of subordinate importance, made its final distribution. The weight of US buyout fund Harvest Partners IV in the portfolio decreased further, following another realisation and distribution to investors.

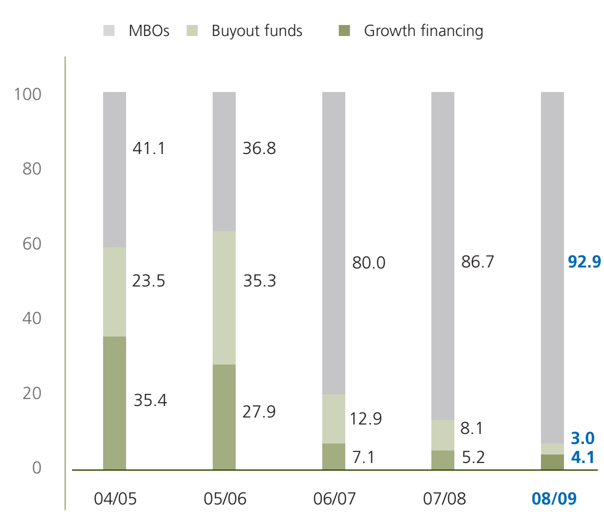
For details on the portfolio development and the valuation methods we apply, see Management's report (pages 36 ff.) and the Notes to the consolidated financial statements (pages 81 ff.).

At 31 October 2009, the portfolio value totalling 123.1 million euros was slightly below that of the preceding year. MCE AG accounted for 48.3 million euros of that value; the sale of this company was completed in the new financial year.

Portfolio value (IFRS) and number of investments *	€mn	Number
1 November 2008	**127**	**21**
Investments	4	
Disposals	16	2
Changes in value	8	
31 October 2009	**123**	**19**

* Largely equivalent to the aggregate of line items "Financial assets" and "Loans and receivables", adjusted for interests in shelf companies

Portfolio profile by investment type %



The seven largest investments, measured by their fair value, accounted for 90 percent of the portfolio (IFRS) at the balance sheet date. These seven investments consist of six management buyouts and one growth financing investment.

For more information on the volume and profile of the portfolio, please see management's report (pages 55 ff.).

Total assets under management almost unchanged

Deutsche Beteiligungs AG not only invests its own capital. It also bundles the capital of other private equity investors in managed co-investment funds; these assets are invested in the same portfolio companies. During their investment periods, the co-investment funds acquire shares at a fixed ratio alongside Deutsche Beteiligungs AG and the investment team of Deutsche Beteiligungs AG, who also co-invest their own money in the companies Deutsche Beteiligungs AG purchases.

Fund management services are detailed in management's report on pages 38 ff. and 46 f.

The investments made by DBG Fonds I and DBG Fonds III have largely been realised. DBAG Fund IV, whose investment phase started in September 2002, ended its investment activity in February 2007. The Fund still holds six investments. DBAG Fund V has invested in four companies since February 2007; at 31 October 2009, 40 percent of the capital committed had been drawn down. Assets directly held by Deutsche Beteiligungs AG and managed for third parties totalled 904 million euros (previous year: 896 million euros) at the balance sheet date.

Assets under management *	31 Oct. 2009	31 Oct. 2008
	€mn	€mn
Deutsche Beteiligungs AG Group	259	245
DBG Fonds I und DBG Fonds III	27	28
DBAG Fund IV	116	139
DBAG Fund V	502	484
Total assets under management	**904**	**896**

* Value of equity plus additional commitments; the names of the funds do not coincide with the actual company names

Management buyouts

Building value by supporting entrepreneurial concepts

- Transaction structures likely to change
- Profitable realisations
- Opportunities for value recovery

Management buyouts (MBOs), the acquisition of companies by financial investors with co-investments by the managements of the investee businesses, have an attractive risk/reward profile, as the 22 MBOs we have financed alongside our co-investment funds since 1997 in Germany and Austria prove. Fifteen of these investments have meanwhile been realised, generating average gains of 2.8 times the invested capital.

This performance is spearheaded by rigid adherence to our investment strategy: We acquire companies operating in industrial sectors with which we are very familiar and which are particularly significant for the economies in Germany and neighbouring countries. Companies in which we invest have outstanding positions in their – possibly small – (niche) markets. And they are led by seasoned managements.

We will continue to adhere to this direction, even under the prevailing conditions today. Of course, we expect the structures of upcoming transactions to differ from acquisitions of recent years. These were often strongly debt financed in the past. Future acquisitions will, in our opinion, be driven by companies that are undercapitalised due to the recent economic events: The crisis has hit many businesses so hard that their balance sheets meanwhile exhibit unhealthy structures; these will need to be improved by fresh equity injections when realigning their finance base.

Financial investors and management have common interests

As a private equity company, we are equity investors. We expect our portfolio companies to deliver returns that are commensurate with the risk involved. Our role is not to intervene in the operating side of our investee companies' businesses. We define our objectives in collaboration with the management of a portfolio company at the beginning of an investment process and support the achievement of those objectives through service on supervisory boards and advisory councils.

Please refer to Management's report, pages 55 to 58, for a detailed account of our investment strategy.

We bring our expertise and experience to the companies to back managements in implementing their entrepreneurial concepts and, consequently, augment the profitability of our investments. We advise the portfolio companies on enhancing their strategic position; we support projects aimed at intensifying research and development or internationalising production or the sales organisation.

Key constituents for the performance of our investments are the managements of our portfolio companies. We therefore install entrepreneurially-geared co-investment schemes to ensure that, from the outset, interests coincide: Through personal co-investments, we create opportunities for management board members, senior executives and, in part, other key managerial staff of our investee businesses to share in the risks and the rewards inherent in an investment.

Portfolio value (IFRS) and number of management buyouts	€mn	Number
1 November 2008	**110**	**12**
Investments	3	
Disposals/changes in value	1	1
31 October 2009	**114**	**11**

Portfolio companies attract trade buyers

In summer and autumn 2009, we very profitably sold our investments in Lewa GmbH and MCE AG to strategic buyers. Both businesses successfully implemented the steps we initiated when entering into the investments aimed at developing the companies and improving processes. The value appreciation we realised on the sale of these companies is substantial.

Trade buyers showed considerable interest both in Lewa and MCE. These two portfolio companies would certainly have also been a good fit for financial investors. However, conditions in the credit markets impeded financial investors from playing a competitive part in the sales process.

Lewa: The next step to globalisation under new owner

In July 2009, the investment in Lewa GmbH (Lewa) was sold to Japan-based Nikkiso Co., Ltd.; this transaction was completed in the fourth quarter of the financial year. We purchased Lewa in October 2005 alongside DBAG Fund IV and a further financial investor, with Lewa's management co-investing in this management buyout. Lewa develops, manufacturers and markets high-performance metering and process diaphragm pumps and complete pump systems. These technologically sophisticated pumps are particularly suited to mission-critical processes. Key customer markets are the chemical industry and the oil and gas industries.

Lewa made excellent progress during the time of our investment: the sales organisation was internationalised, and spending on research and development was increased to launch Lewa's proprietary technology in new fields of application and in new regions. Lewa's international sales grew, and new end-user markets, such as the pharmaceutical and food industries, helped Lewa's sales to surge by an annual average of 15 percent within a period of four years. Lewa stands to profit from the sale to Nikkiso: The regional focus of the two companies, their major customer industries and their key technologies are an ideal match.

The investment in Lewa is an excellent example of how we invest and develop the companies we acquire. Read the story behind this highly successful investment in a special section subsequent to page 18.

MCE: Excellent market opportunities under new umbrella

In October 2009, we signed a contract for the sale of MCE AG to Bilfinger Berger AG; the sale was completed in December 2009. We invested in this industrial services provider alongside our co-investment fund in a two-step transaction, initially purchasing some three-quarters of the interests (DBAG share: 14.9 percent) in early 2007, followed by another 24 percent (DBAG share: 3.9 percent) in October 2008. MCE's management co-invested.

MCE AG is a leading manufacturer-independent industrial services group and life-cycle partner for the construction, installation and maintenance of systems and components for the process industry in central Europe. The core customer industries it serves are power generation and distribution, oil/gas/chemicals/petrochemicals, metallurgy and biotechnology/pharmaceuticals/fine chemicals. MCE operates an on-site service business for chemical plants, providing regular maintenance and repair as well as plant overhauls and revamps. Stated on a comparable basis, sales rose by more than 30 percent over those in 2006 to about 900 million euros in 2008; earnings and margins improved significantly. A key milestone was MCE's consistent focus on its industrial engineering and services business. To that end, management divested MCE's building technology division in July 2008 and strengthened the company's market position in industrial engineering and services through acquisitions.

At the basis of this successful investment are the diversified and long years of experience Deutsche Beteiligungs AG has had in the industrial services sector and the energy industry. The list of these very successful investments includes GAH Anlagentechnik, Hochtemperatur Engineering, Babcock Borsig Service and Clyde Bergemann.

Clyde Bergemann Group

Wesel, Germany; Glasgow, UK; Delaware, USA

Corporate data	
Sales in 2008/2009	US$493.0 mn
Sales in 2007/2008	US$372.0 mn
Sales in 2006/2007	US$297.2 mn
Investment	€9.2 mn
Equity share Deutsche Beteiligungs AG	17.8 %
Equity share co-investment funds	45.1 %
First invested	May 2005

www.clydebergemann.de

A developer and manufacturer of components for fossil-fuelled power plants

The companies of the Clyde Bergemann Group develop and manufacture components for coal-fired power plants worldwide. These products warrant efficient and safe operations and contribute towards clean, CO2-reduced energy generation. Clyde Bergemann employs a staff of some 1,400; its international operations extend to 27 companies on five continents. The group has gained outstanding market positions through the cutting-edge technology built into its products. One of the company's major strengths is its global presence: Clyde Bergemann operates production sites in all major market regions and serves its clients through a worldwide service and sales network. Among the key products in its business field 'Boiler Efficiency' are so-called soot blowers; at the company's technology centre in Wesel, Germany, R&D efforts are consistently focused on further improving the efficacy of these key products. Clyde Bergemann soot blowers are used to clear utility boilers in coal-fired plants of fouling and slag while the plant is in operation. Another major product group are ash handling systems; they serve to transport and beneficiate ash in power plants. Its business field 'Air Pollution Control' provides waste air cleaning systems that reduce pollution in power plants.

The Clyde Bergemann group made good progress in 2008. Sales in financial year 2008/2009 (ended 28 February) topped those of the previous year by nearly one third – partly due to the winding up of

a major project; earnings also advanced. Add-on acquisitions are increasingly driving Clyde Bergemann's growth: since we entered into this investment, the company has purchased nine companies, each with products and services that previously have not been a part of the Clyde Bergemann portfolio. This move creates new opportunities in a number of ways: Clyde Bergemann is able to offer present customers an expanded product range, while also giving the company rapid access to new regional markets. Moreover, the acquired companies will be able to make use of Clyde Bergemann's global sales and service network.

In 2009, Clyde Bergemann continued its strategy of expanding its portfolio through acquisitions of smaller companies. In pursuit of that, the group purchased two companies from the portfolio of Hochtemperatur Engineering GmbH (see page 29) that manufacture components for gas-fired power plants, denitrification systems and industrial burners, and which most recently generated sales of US$70 million. These acquisitions will support Clyde Bergemann's growth strategy. Apart from the development of its US business, where numerous projects have been postponed because of legislative uncertainty and the current economic crisis, Clyde Bergemann's management expects business in Europe and Asia in 2009/2010 to develop along similar lines as in the prior year.

Our confidence remains unchanged for the future of the Clyde Bergemann group. Coal-fired power plants will continue to be a crucial component in power generation for a long time. In addition to new plant construction to expand capacities, many existing power plants have considerable revamping and upgrading needs; Clyde Bergemann has the products and technological solutions to fit these needs. Its offerings include systems that increase efficacy and also control air pollution, contributing towards a cleaner environment. Clyde Bergemann will stand to profit from these trends – by providing the requisite components for new power plants and by its spare parts and support services business for existing plants. For the upcoming 2010/2011 financial year, Clyde Bergemann expects a stable business trend.

Coperion GmbH

Stuttgart, Germany

Corporate data	
Sales in 2009 (preliminary)	€391.7 mn
Sales in 2008	€576.5 mn
Sales in 2007	€480.2 mn
Investment	€10.4 million
Equity share Deutsche Beteiligungs AG	18.8 %
Equity share co-investment funds	78.0 %
First invested	July 2007

www.coperion.com

A developer and manufacturer of compounding systems and bulk-materials handling equipment

The companies of the Coperion Group develop, manufacture and market machines as well as bulk-materials conveyor systems and production plants for the plastics, chemical, food and aluminium industries. A range of support services relating to the modernisation and maintenance of machines and plants are an important part of the product portfolio for the group, the global leader in its line of business. Deutsche Beteiligungs AG and its co-investment fund acquired Coperion in July 2007; Coperion's management is also co-invested.

Machines and plants manufactured by Coperion are used – stated in simple terms – for the chemo-physical processing and conveying of various materials. Coperion's customers typically produce plastics, but also, to an increasing degree, aluminium, coatings, food and pharmaceuticals. Core competencies are 'Compounding' and 'Extrusion', or the mixing and shaping of various materials under changing pressures and temperatures, as well as technologies for conveying bulk materials in powder and granular form ('Materials Handling'). Coperion has market shares of up to 50 percent. One market-leading example are large-scale compounding systems, which may reach order values of up to 50 million euros.

As a manufacturer of capital goods, Coperion was particularly hard hit by the economic crisis. Orders plunged drastically in autumn 2008. Some months saw order levels of not even a quarter of those reached the equivalent months the previous year. After a turn of the tide in late summer 2009, orders are again on the rise, but are still far from the record levels achieved in the boom years. Sales did not immediately mirror the fall in orders; Coperion initially profited from its high order backlog, with which the company started into 2009.

Immediately after the outbreak of the crisis, Coperion began to comprehensively adapt its structures and is also intensively using the instrument of short-time work.The necessary cuts in staff were implemented without enforced redundancy; in agreement with the work's council, severance contracts were offered particularly to older employees. The basis for this was an economically feasible concept for creating the structures of a flexible, modern mechanical engineering company, especially at the Stuttgart site.

Coperion employs a staff of more than 1,800, of whom some 1,300 are located at two larger (Stuttgart and Weingarten) and several smaller sites in Germany. Coperion is also well placed in the promising Asian market. The group operates further production and product development sites in Wytheville, USA; New Delhi, India; as well as Nanjing and Shanghai, China. For 2010, Coperion expects the market to recover somewhat, with sales only anticipated to recede slightly against the preceding year, despite considerably lower order volumes.

Coveright Surfaces Holding GmbH

Essen, Germany

Corporate data	
Sales in 2009 (preliminary)	€205.1 mn
Sales in 2008	€247.2 mn
Sales in 2007	€270.2 mn
Investment	€6.8 mn
Equity share Deutsche Beteiligungs AG	15.9 %
Equity share co-investment funds	40.1 %
First invested	June 2003

www.coveright.com

A developer and manufacturer of plants for industrial automation

Coveright Surfaces (Coveright) is a producer of impregnated decorative films and foils used in the manufacture of furniture and laminate floorings and in the woodworking industry. Applications of its range of technical films are, for instance, found in the construction or automotive industries. Impregnated films provide a wear-resistant, decorative surface covering at an attractive price compared with alternative materials. Coveright is present in all major markets worldwide. Key markets are Germany and the US. In addition to Germany, the company operates production facilities in Brazil, Canada, Spain, Russia and the US. Deutsche Beteiligungs AG purchased Coveright in 2003 alongside its co-investment fund and US-based financial investor Harvest Partners. Coveright's management also co-invested.

The sharp hike in commodity prices had weighed on Coveright's earnings in 2008, but they clearly recovered in 2009. In addition to lower commodity prices, the earnings improvement stems from a successful restructuring programme and strategic steps in purchasing and sales. Deutsche Beteiligungs AG and its co-investment fund backed the restructuring programme through fresh funding this past year.

Compared with the preceding year, net debt was down significantly in 2009. Contributing towards this was the sale of Coveright's Malaysian subsidiary in mid-2009, a divestment in line with the company's strategy of focusing on its European activities and core business in the US. In 2009, Coveright maintained its market-leading position in Russia and South and North America. In western Europe, the competitive environment particularly for floorings remains tense. This – and the effects of the economic crisis – led to another decline in production volume and sales.

Coveright will continue its European restructuring programme in 2010. The company also plans to expand its market position through targeted investments, particularly in the US.

Heim & Haus Holding GmbH

Duisburg, Germany

Corporate data	
Sales in 2009 (preliminary)	€113.3 mn
Sales in 2008	€106.4 mn
Sales in 2007	€103.4 mn
Investment	€6.4 mn
Equity share Deutsche Beteiligungs AG	20.4 %
Equity share co-investment funds	47.8 %
First invested	October 2006

www.heimhaus.de

A direct marketer of awnings, shutters and building components for homes

Heim & Haus ranks No. 1 in Germany in direct sales of awnings, shutters and building components used in the extension and renovation of one and two-family homes. The company covers the complete output chain – from product development, sales and production through to installation. This is what distinguishes Heim & Haus from its competitors. The company employs a staff of 500 working at three locations in Germany, in addition to 1,300 self-employed sales representatives and fitters. Heim & Haus is headquartered in Duisburg, Germany; its two production sites are located in Auerbach (near Bayreuth in Bavaria) and Osterfeld (near Halle, Saxony-Anhalt).

Heim & Haus was founded in 1971 and initially distributed roller shutters regionally. Today, the company's reach extends to all of Germany, and it has also been present in Austria since 2005. The product range comprises awnings and other shade systems, roller shutters, garage doors, vinyl windows and doors, canopies and terrace roofing as well as customised roof windows for remodelling and roof extension purposes. The key categories of awnings,

roller shutters and windows account for more than two thirds of revenues. Self-employed sales representatives solicit orders by directly contacting owners of one and two-family homes.

In 2009, Heim & Haus continued the good progress achieved the year before. The company benefited from the strong demand for products that cut down on heating energy consumption. These products include energy-saving front doors, windows and, in particular, the customised roof windows launched in 2007. With home refurbishment declining somewhat, products that enhance comfort and style, such as awnings, were in less demand, but sales were nevertheless level with those of the previous year. Total sales again moved ahead to approximately 113 million euros (preliminary), exceeding the previous year's 106 million euros. Orders rose even more strongly in a year-on-year comparison. Earnings margins improved and net bank debt was reduced ahead of schedule.

The trend towards energy-efficient modernisation and remodelling of one and two-family homes persists. Heim & Haus intends to profit from that and, drawing from its outstanding market position and direct-sales expertise, has targeted another year of sales and earnings growth in 2010. To support that growth, the company plans to open up new markets in neighbouring countries. With improved workflows and modern products, management believes that the company is well placed for 2010. The development of the general economy and its impact on consumer buying patterns are the challenges the company expects to face this current year.

Hochtemperatur Engineering GmbH

Wiesbaden, Germany

Corporate data	
Investment	€0.7 mn
Equity share Deutsche Beteiligungs AG	27.6 %
Equity share co-investment funds	70.0 %
First invested	June 2002

www.hte-group.com

A provider of plants and components for high temperature processes

Hochtemperatur Engineering GmbH originally combined a group of companies that develop and provide plants and components for high temperature processes. In recent years, we very profitably sold four of the six business divisions completely. Deutsche Beteiligungs AG received a major part of the sales proceeds in financial year 2005/2006. The capital tied up in the company has therefore declined considerably against the investment's historical cost. Over the past two financial years, the remaining divisions were almost completely sold; in 2009, a contract was signed with the Clyde Bergemann group on the sale of two companies (see page 25). At the balance sheet date, only one smaller unit that generated sales of less than ten million euros in 2009 belonged to the company. In addition to cash resources, Hochtemperatur Engineering has claims arising from loans in conjunction with this past year's divestments.

Homag Group AG

Schopfloch, Germany

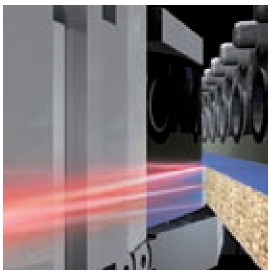
Corporate data	
Sales in 2009 (preliminary)	€514.0 mn
Sales in 2008	€856.4 mn
Sales in 2007	€836.9 mn
Investment	€21.4 mn
Equity share Deutsche Beteiligungs AG	16.8 %
Equity share co-investment funds	16.3 %
First invested	January 1997/ February 2007

www.homag-group.de

A provider of woodworking machines and plants for the furniture and construction supplies industries and timber-frame home construction

Boasting a world market share of more than 25 percent, Homag is the largest global provider of woodworking machines used in the wood-based panel-processing furniture, construction supplies and timber home construction industries. Products manufactured on Homag machines are widespread: 60 percent of world production in laminate flooring is made on Homag machines. Homag machines are also used to produce furniture made of wood panels and elements for timber-frame home construction. The company employs a staff of almost 5,000 at 16 production and assembly sites and its sale offices. Homag was founded in 1960, and the majority in the company was originally family-owned. In February 2007, we increased our existing investment alongside our co-investment funds. Subsequent to Homag's flotation in July 2007, Deutsche Beteiligungs AG and its co-investment funds jointly held a 33.1 percent interest in the company at 31 October 2009.

[1] Based on the company's November 2009 forecast that 2009 sales will be down by up to 40 percent against the previous year



Homag provides machines, cells (i.e. several machines combined into complete processing centres), factory installations and services. Key customers for Homag products are furniture manufacturers as well as companies operating in the production of building components and timber home construction. The focus of the product range is on machines and plants for efficient, versatile processing of panel-shaped workpieces made of wood-based materials. Research and development are a priority issue at Homag. Innovative products have time and again strengthened Homag's market position. In 2009, Homag launched the first laser-based edge-banding machine: In addition to outstanding processing quality, it helps Homag's clients to significantly cut costs.

Similar to many other mechanical engineering companies, the first three quarters of 2009 were significantly weaker compared with the same period the previous year: Boom year 2008, which saw record highs in orders, sales and earnings for the three-quarter period, was followed by the deepest recession in decades. A comparison of order inflow illustrates how hard hit Homag was by the crisis: In the first three quarters of 2008 Homag recorded orders valued at 541.0 million euros, whereas orders from January to September 2009 merely totalled 282.5 million euros – a drop of nearly half. Revenues developed correspondingly: For the full year 2009, the company's management board expects a drop in sales of up to 40 percent against 2008; this would equate to 514 million euros, following 856.4 million euros the prior year. According to management, earnings before interest and taxes (EBIT) are anticipated to be negative, even before restructuring and one-off charges.

In 2010, Homag plans to finalise the capacity adaptation programme installed in late 2008: At 30 September 2009 Homag's workforce – on a comparable basis – had been reduced by 600 against the previous year. Additionally, there were 330 contract workers less than a year ago. For the first two quarters of 2010, Homag expects a distinct rise in sales and earnings against the same period the previous year; based on that, business volume will still clearly fall behind the levels achieved before the outbreak of the crisis. Homag believes that the trend in incoming orders bottomed out in the third quarter of 2009. Homag's management is cautiously optimistic about the full year 2010: The company expects to gain market shares and has budgeted a balanced result for the year. [2)]

ICTS Europe Holdings B.V.

Amsterdam, Netherlands

Corporate data	
2009 sales (preliminary)	€322.1 mn
2008 sales	€294.9 mn
2007 sales	€324.1 mn
Investment	€6.4 mn
Equity share Deutsche Beteiligungs AG	17.5 %
Equity share co-investment funds	72.6 %
First invested	April 2008

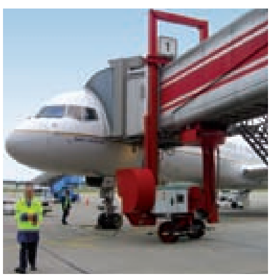
www.ictseurope.com

A provider of security services for airports and airlines

For travellers frequently flying from European airports, there is literally no way around ICTS: the company is the European leader in security services for airports and airlines. ICTS Europe security screens airport staff, passengers and baggage on behalf of airports and regulatory agencies. For airlines, the company provides regula-

2) Our report is based on publicly available data on the group at the copy deadline of this Annual Report

tory and enhanced security services. ICTS Europe comprises a workforce of over 11,000 (2,000 of which are located in Germany). In recent years, the company has developed its service offering and resources to include specially trained sniffer dogs and, increasingly, IT-based security products. Deutsche Beteiligungs AG and its co-investment fund structured the management buyout of ICTS Europe Holdings B.V. in April 2008.



ICTS Europe made further progress in 2009. The company succeeded in extending the experience and competence gained in the aviation security services business to a new operating segment and winning key projects. An ICTS Europe subsidiary provides maritime security services to ports, shipping companies or companies that install submarine cables and pipelines. The company's client base also encompasses governments and insurance underwriters. Backed by the pronounced growth in the maritime and underwater security business, sales of ICTS Europe in 2009 advanced by some nine percent to 322 million euros (preliminary). In its core business of aviation security (approximately 80 percent of sales), ICTS Europe felt the strong decline in air traffic in the wake of the economic crisis: the new contracts that were won did not compensate for fewer flights, fewer passengers and significantly lower cargo volumes.

In a tense environment, ICTS Europe profited from its leading position as an independent security provider for airports and airlines. The company is one of the few market players that is recognised by the US civil aviation authority (TSA), giving ICTS Europe an outstanding position among US airlines. ICTS Europe also develops and markets IT systems for aviation that allow airlines to effectively and efficiently meet immigration requirements on travel document verification for their passengers in certain countries – a sophisticated service, since these requirements are becoming ever more complex.

ICTS also enjoys a reputation for competence and quality in IT solutions. In 2009, the company won a contract to deliver IT solutions in conjunction with the e-border project in Great Britain. "e-border" is a border control system that can immediately verify the authenticity of passports and visas with the aid of an electronic reader, which is also combinable with biometric processes, such as facial recognition. ICTS will serve as a hub for data processing and dispatching. Additionally, ICTS further developed its software platform for compulsory basic training (CBT) of security staff, recognised as one of the world's leading platforms in the aviation and maritime arena. "RasCargo", an ICTS-patented process that security screens air cargo fast and cost-effectively with the aid of trained dogs, creates new earnings potential on a Europe-wide basis, as new European legislation becomes effective in spring 2010.

In 2009, ICTS Europe strengthened its market position in the Netherlands by acquiring an established security services company. Deutsche Beteiligungs AG and its co-investment fund provided the capital for this strategic move. For 2010, the ICTS management intends to continue the company's growth path of broadening the basis for its operations. Overall, the company's management is confident for 2010.

Preh GmbH

Bad Neustadt an der Saale, Germany

Corporate data	
Sales in 2009 (preliminary)	€245.0 mn
Sales in 2008	€304.7 mn
Sales in 2007	€321.3 mn
Investment	€3.7 mn
Equity share Deutsche Beteiligungs AG	17.0 %
Equity share co-investment funds	43.2 %
First invested	November 2003

www.preh.de

A developer and manufacturer of sophisticated driver operating and control elements

Preh develops and produces chiefly for the automotive industry operating and control elements that uniquely combine two core competences: intelligent electronics and software, and unique surface technology. One example of this are driver control systems, such as climate control or infotainment units. These are distinguished by their ease of use, and enhance passengers' travelling comfort in a car. Preh's expertise in control systems for climate and communications units fuelled its successful market entry in safety-related control systems for various vehicle functions, such as for active steering or the electronic fuel pump. Intelligent sensor systems, such as defogging, fuel injection or brake wear sensors, add to a car's efficiency, safety and comfort. Through its subsidiary 'Preh KeyTec', the company is also a manufacturer of high-quality, very robust keyboards and keypads for use at the point of sale. The group employs a staff of 2,000 located at two German and four international sites and generates more than 90 percent of its sales in the automotive industry.

The economic crisis in general, and the dramatic situation in the automotive industry in particular, with sharp drops in production, left Preh facing a tough challenge in 2009, following five years of strong growth. In a number of segments, such as interior fittings for trucks and products for agricultural vehicles, sales were cut in half. Nevertheless, in this challenging environment Preh was able to bring its strengths to bear. Sales fell close to 15 percent (in relation to the previous year's sales, adjusted for the divestment of a subsidiary) to approximately 245 million euros (preliminary), which is far less than the industry average. 'Preh Automotive' profited from the fact that many new products from contracts won in past years, which were based on major systems decisions by carmakers, went into production in 2008 and 2009. Consequently, Preh gained market shares in the crisis. Preh will benefit even more from its stronger competitive standing when the market environment improves. 'Preh KeyTec' suffered from its industrial clients' spending restraint, causing sales of keyboards and keypads for point-of-sale applications – for instance, in supermarkets – to plunge sharply.

The company quickly responded to the crisis in 2008 by installing a comprehensive adaptation programme aimed at cutting costs and improving liquidity. In Germany, Preh used the instrument of short-time work. Preh also improved the competitiveness of its cost position by establishing a further international production site in Romania. This new facility has been producing price-sensitive products for high-volume models since March 2009. In addition to Deutsche Beteiligungs AG and its co-investment fund, Preh's other shareowners injected fresh capital into the company, which will bolster Preh even if the crisis persists. Preh's staff is also making important contributions towards cutting costs.

Preh has adapted its budgets for 2010 in line with the expected market trend and is basically prepared to encounter a difficult market environment. Since numerous new products from contracts won in past years will initially go into production in 2010, Preh's management expects sales in its automotive business to rise.

Other investments

Low proportion of growth finance investments in portfolio

In line with our investment strategy of recent years, our current portfolio mainly consists of investments in management buyouts. At the balance sheet date on 31 October 2009, growth financing investments, or investments in companies the majority of which is family-owned, therefore account for only a small part of the portfolio. Three investments constitute 4.1 percent of the total portfolio value.

Fewer buyout funds

The value of indirect MBOs – meaning investments in international buyout funds – declined this past financial year. Funds that have largely completed their investment phase have realised further investments. US-based buyout fund Harvest Partners IV divested Aquilex Holdings LLC in December 2008, again boosting its investment performance. This fund's returns have exceeded the capital calls by nearly three fourths to date. Another fund, HSBC Technology Fund, was liquidated; thus, the present portfolio only contains five buyout funds. Fund investments, accounting for three percent of the portfolio, are now of subordinate importance. The value of all fund investments totalled 3.7 million euros.

Portfolio (IFRS value) and number of other investments	€mn	Number
1 November 2008	**17**	**9**
Investments	2	
Disposals/changes in value	10	1
31 October 2009	**9**	**8**

Further decline in outstanding commitments

Outstanding investment commitments to the remaining buyout funds have declined again this year and amounted to 4.8 million euros (previous year: 8.6 million euros) at the balance sheet date. Now that the funds' investment periods have all been completed, any further capital calls will merely relate to possible follow-on financings for existing investments or management fees. We do not expect that outstanding commitments will be drawn down in full.

Grohmann GmbH

Prüm, Germany

Corporate data	
Sales in 2009 (preliminary)	€60.0 mn
Sales in 2008	€70.4 mn
Sales in 2007	€48.2 mn
Investment	€2.1 mn
Equity share of Deutsche Beteiligungs AG	25.1 %
First invested	December 1996

www.grohmann.com

A developer and manufacturer of plants for industrial automation

'Manufacturing technologies for the future' is Grohmann's proposition to its customers. The company develops, produces and markets automated plants for the manufacture of sophisticated products, among others, for the semi-conductor, automotive and pharmaceutical industries worldwide. Grohmann is a technology leader in industrial automation. The company employs a staff of approximately 480. Deutsche Beteiligungs AG has held a minority interest in this company since late 1996. A predecessor fund managed by DBAG entered into the investment in 1987.

Plants and systems made by Grohmann are used for the highly efficient mass production of technically sophisticated products or individual components, such as electronic parts for automobiles. Grohmann's automation technologies can help customers improve quality and safety, reduce material and manufacturing costs, enhance product variability and decrease throughput times. The company designs and manufactures machines and plants for the production of electronic controls and tape wiring applications in the automotive industry. Grohmann produces stand-alone machines as well as turnkey solutions for numerous manufacturing processes.

In 2009, Grohmann did not reach the previous year's sales level, which was exceptionally high for project processing reasons. Nevertheless, the company profited from its clients' strategies of increasing their own productivity through expenditures on new technologies and automation solutions. That led to a good utilisation rate and a very satisfactory inflow of orders. Orders are approximately level with the previous year and earnings remain very satisfactory. Collaboratively with the majority shareowner, we installed a co-investment scheme for Grohmann's upper management level in late 2008.

For 2010, Grohmann expects results to stabilise at the preceding year's level and foresees growth opportunities when the general economy rebounds.

JCK KG

Quakenbrück, Germany

Corporate data	
Sales in 2009 (preliminary)	€405.0 mn
Sales in 2008	€346.0 mn
Sales in 2007	€412.4 mn
Investment	€3.0 mn
Equity share Deutsche Beteiligungs AG	3.6 %
Equity share co-investment funds	12.4 %
First invested	January 1992

A marketer of leisure and sportswear as well as merchandising articles

The JCK group evolved from a textile retail business that has been family-owned since its inception. Through internal and external growth, the business has developed to become one of the largest German textile trading companies. Deutsche Beteiligungs AG and its former co-investment fund acquired a minority share in JCK KG to finance the company's growth.

JCK operates in two business segments: Some 80 percent of sales come from textile trading activities, largely a private-label business. The company generates the remaining revenues as a distributor of merchandising articles. JCK's core competence is to provide marketable goods for special offers to discounters, who sell them under private labels. These operations require continually generating new, attractive product ideas, procuring large lots of these textiles and delivering them on schedule in the specified quality. JCK is the number one in Germany in this line of business.

Under its proprietary label 'Medico', JCK manufactures and markets premium functional wear to the specialised retail trade. This attests to the group's fabric and product competency, particularly for high-grade functional wear.

The 'Merchandising' business was built up in recent years. It largely comprises promotional give-aways, such as caps, T-shirts, umbrellas, and extends to bags and backpacks as well as professional apparel and workwear. This business unit expands the group's product range, accesses new distribution channels and profits from the purchasing competence gained in the private-label business.

Sales of JCK again increased in 2009, primarily because of a cyclically-related sharp rise in demand for private-label textiles. Higher volumes and stable margins caused JCK to significantly exceed its previous year's earnings. For the current 2010 financial year, JCK expects an unchanged positive trend, perhaps at slightly lower levels.

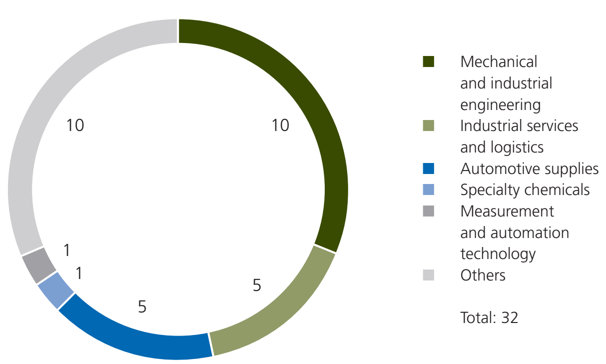
Management's **report**

Overview

Deutsche Beteiligungs AG operated in a challenging environment in financial year 2008/2009. Uncertainty over the business trend and its effects on the development of companies impacted our investment activity, as did the distortions in the financial system and the consequences they had for the supply of leveraged finance for acquisitions. Our priorities this year were focused on the portfolio: Our investee companies began adapting to the new market conditions at a very early stage and have thereby navigated the global economic crisis comparatively well. The portfolio performance – measured by a net result of valuation and disposal of 29.8 million euros in relation to a portfolio value of 127 million euros – is proof of that. The profitable realisations of our investments in Lewa GmbH and MCE AG (the latter is subject to regulatory approval) attest to the quality of our investment process. Net asset value per share improved to 18.94 euros this past financial year; adjusted for the dividend, that equates to a gain of 8.2 percent.

DBAG transactions by industry sectors
1 November 1996 to 31 October 2009

Number



The Group and general business conditions

Positioning

- Investments in select core sectors
- Financing alongside co-investment funds
- Value growth of investments realised upon their ultimate sale

Deutsche Beteiligungs AG is a publicly quoted private equity firm domiciled in Frankfurt am Main. Its investments are focused on companies whose business models are rooted in the outstanding engineering quality of their products and related services. Companies such as these are found in the mechanical and industrial engineering sectors and among the highly innovative companies of the automotive supplies industry, but also in specialty chemicals, in measurement and automation technology and among specialised service providers for different industries. In the more than four decades since the founding of its predecessor firms, Deutsche Beteiligungs AG has invested in over 300 companies. Our business model and our current investment strategy derive from this experience.

Deutsche Beteiligungs AG invests in established companies whose business model has proven to be sustainable in the past. The prime criteria are sufficient profitability, a firm market position and unique qualifications. This strategy excludes investments in early-stage and small companies. A key condition for an investment is a target company's prospects for development.

For acquisitions of portfolio companies, Deutsche Beteiligungs AG invests equity or similar instruments either directly or through its subsidiaries.

The investment performance of Deutsche Beteiligungs AG is based on the implementation of proven private equity work methods. These include, for instance, an in-depth due-diligence process prior to making an investment and supporting the portfolio companies' managements in implementing their corporate concepts during the holding period 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, such as pension funds, insurance companies or foundations. These investors generally do not make direct investments in our target market themselves. Deutsche Beteiligungs AG manages the capital committed by these investors through co-investment funds. These are fund management companies that co-invest alongside Deutsche Beteiligungs AG at the same terms in the same investee businesses and in the same instruments.

Our investment activity is targeted at building the value of our investments and realising that value after a period of four to seven years upon an investment's ultimate sale. In terms of performance indicators this means augmenting the net asset value – or equity – per share through the portfolio's value appreciation by an annual rate on the long-term average that exceeds the cost of equity of Deutsche Beteiligungs AG. The measure for our long-term performance – common to the private equity sector – is a period of ten years. As in former comparative periods, we exceeded that performance target on average over the last ten-year period (1999/2000 to 2008/2009): The average return on equity per share is 14.0 percent. [1)]

By investing in the stock of Deutsche Beteiligungs AG, investors have access to the attractive asset class of private equity. This asset class is usually closed to investors with smaller sums to invest, and its liquidity is lower than that of stock investments, because it is normally organised in the form of investment trusts. Returns from private equity investments have in the past been superior to those of other traditional asset classes. That holds particularly true for strategies that are targeted at investments in sound, mature businesses. [2)]

A four-member Board of Management manages the Group. All active staff of Group companies are employed by Deutsche Beteiligungs AG; they are located at the Company's headquarters in Frankfurt am Main. Deutsche Beteiligungs AG does not operate other sites.

The portfolio companies of Deutsche Beteiligungs AG are largely domiciled in Germany (see list of investments). However, many of them are internationally present in major economic regions through their manufacturing and sales subsidiaries and branch offices.

The Company's Supervisory Board consists of six individuals; they are exclusively shareholders' representatives.

Deutsche Beteiligungs AG is recognised as an equity investment company as defined by German statutory legislation on equity investment companies (Gesetz über Unternehmensbeteiligungsgesellschaften – UBGG). Consequently, the Company's profits are exempt from municipal trade tax.

The Group structure, and changes to it in the reporting year, are presented in the Notes to the consolidated financial statements on pages 82 to 83.

1) For a definition of the return on equity per share, please refer to section "Steering and control", page 44.
2) "2008 Pan-European Private Equity Performance Benchmark Study", European Private Equity & Venture Capital Association (EVCA), Brussels, June 2009

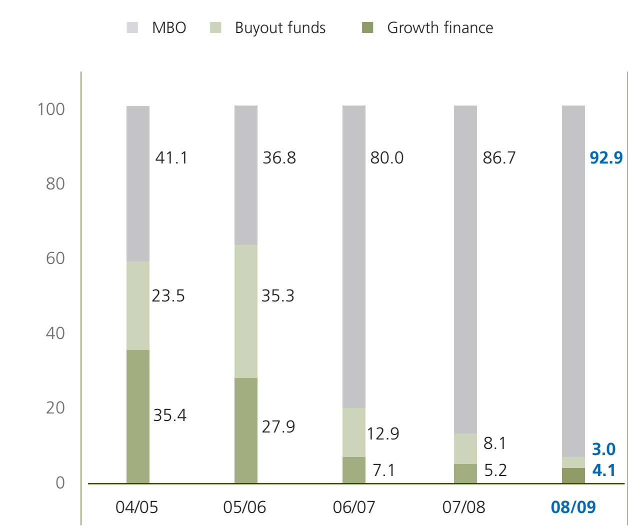
Strategy

- Focus on management buyouts in mid-market segment
- Experienced investment team with sector expertise and network drive deal flow
- Co-investment funds assure targeted deal size and contribute to covering costs

Investments in companies with a leadership position in select core sectors

The 14.0 percent average return on equity achieved in the past ten years draws from the broad experience of our investment team and rigid pursuit of our investment strategy over the years. We invest in sectors in which we are particularly experienced. These sectors include mechanical and industrial engineering, automotive supplies and the industrial services and logistics industries. Target companies should also be leaders in their market segments and have seasoned managements. Moreover, they should exhibit potential for earnings growth. In addition to the industries mentioned, measurement and automation technology and specialty chemicals are also among the sectors in which we prefer to invest. However, we occasionally identify investment opportunities that meet our investment criteria in other industries.

Portfolio profile by investment type | %



Broader spectrum in transaction structures likely

Private equity investments based on the criteria mentioned can be made in various forms. Until the late 1990s, Deutsche Beteiligungs AG pursued a broader investment approach, which also encompassed growth financing investments and investments in international buyout funds. Since 2001, we have concentrated our activity on management buyouts (MBOs) in German-speaking regions, meaning investments in which the target companies' managements co-invest. The portfolio profile reflects this investment strategy. MBOs predominate, accounting for 92.9 percent of the portfolio value. [3)]

The current economic crisis opens up additional opportunities for us as equity investors beyond the classical buyout market. The crisis functions like a catalyst: An equity investment creates new scope and opportunities to strengthen strategic positionings – particularly for companies whose balance sheets are no longer in an optimal condition in the wake of current disruptions. We are momentarily also considering transaction structures that differ from the management buyout approach we have exclusively been pursuing. While continuing to adhere to our sector focus, we do not exclude making future investments in instances where a voting majority is not obtainable.

In our investment decision, we consider the geographical and sector profile of the portfolio. The portfolio companies generally operate internationally. That applies to the markets they supply and, increasingly, to their production sites. The internationality of our portfolio companies means that not only Germany's domestic business trend, but also the development of the global economy and the factors influencing it are significant for the performance of Deutsche Beteiligungs AG.

[3)] All disclosures in this Management's report concerning breakdowns of the 'portfolio value' relate to the portfolio less shelf companies and companies the majority of which is attributable to minority interest; the portfolio value thus defined totals 123 million euros.

Many of our portfolio companies manufacture capital goods. The demand for such products is generally subject to stronger cyclical trends than is the demand for consumer goods. When structuring the financing, we consider the particular cyclicity of certain portfolio companies' businesses, among other things by providing for a commensurate equity-to-assets ratio when acquiring such companies.

We endeavour to spread exposure to risk by investing in various industrial segments (for more information, please refer to pages 60 ff. of the Risk management report). Furthermore, limiting the sum invested in one business to approximately ten percent of the equity capital of Deutsche Beteiligungs AG also serves to disseminate the risk.

Our own equity base and the capital we have available through co-investment funds enable us to make investments in companies whose value ranges from 50 million to 300 million euros.

Investment managers' experience and network create access to transaction opportunities

We boast a large investment team consisting of 17 investment managers.[4] This – combined with our skill and long-standing experience – enables us to structure complex transactions.

In addition to the availability of equity and leverage, effectual access to transaction opportunities ('deal flow') is a key mainstay in successfully pursuing the investment strategy described. We profit from our long market presence and our widespread network in Germany. These factors put us in a position to gain early knowledge of prospective transaction opportunities.

Our investing activity in Germany's 'Mittelstand' over many decades has made us an acknowledged, credible partner to vendors and banks, as well as to other groups within target companies' spheres, such as employees and unions, customers and suppliers. Our past activities demonstrate that we are a reliable partner in the M&A process and adequately consider the interests of all parties concerned.

Joint investments by Deutsche Beteiligungs AG and co-investment funds adhere to fixed rules

Fund companies managed by Deutsche Beteiligungs AG co-invest alongside Deutsche Beteiligungs AG in the same portfolio companies. The capital committed to these co-investment funds comes from institutional investors, such as pension funds, funds of funds, banks, foundations, insurance companies or family asset administrations.

Deutsche Beteiligungs AG and the co-investment funds invest at a defined ratio for the duration of a fund's investment period. Disinvestments are principally transacted at the same ratio fixed at the time of the acquisition. For DBAG Fund V, whose investment period began in February 2007, the ratio is one (Deutsche Beteiligungs AG) to four (DBAG Fund V).

Co-investment funds have independent decision-taking structures and operate on their own account. Co-investment funds pay management fees to Deutsche Beteiligungs AG for accessing investment opportunities and managing investments. Management fee income serves to cover a part of the operating costs of Deutsche Beteiligungs AG. Fees for management services paid by co-investment funds are value-related. During the investment phase, fees are based on the capital committed by the fund's investors. In the subsequent period, fees are measured by the historical cost of the investments remaining in the fund's portfolio. DBAG Fund V currently co-invests alongside Deutsche Beteiligungs AG. Additionally, Deutsche Beteiligungs AG still manages investments held by DBAG Fund IV, Fonds III and Fonds I.

[4] without Board of Management members

Underlying conditions

- Growing need for investment capital creates opportunities
- Debt finance strongly curtailed in wake of financial crisis
- Room for improvement in legal framework
- Global economy in recession

Deutsche Beteiligungs AG acquires companies or interests in companies alongside co-investment funds. To that end, we employ a combination of own funds and leveraged finance. Deutsche Beteiligungs AG supports the management teams in developing these companies to augment the enterprise value. After a holding period of four to seven years, the value that was created is realised. General acceptance of private equity and the business model associated with it among managements, employees and share-owners willing to sell is crucial for the Company's performance.

However, a number of factors relating to the business environment are also relevant for the performance of Deutsche Beteiligungs AG:

- adequate availability of leverage to partially finance acquisitions
- buyers' interest in purchasing investments from the portfolio
- a competitive taxation framework and
- the macroeconomic environment which delivers the platform for our portfolio companies' operations

Private equity gains in importance

Private equity is still a young industry in German-speaking regions, and it comes in many different forms. Unlike in other European countries and the United States, "private equity" as the generic term for investment capital for unquoted companies only became established in Germany some two decades ago. The funding is provided by private and institutional investors and is largely invested in the form of venture capital (start-ups and early-stage businesses), growth capital (companies with ambitious growth plans) or buyout financing (established companies about to take their next development step). Today, some 6,400 companies have been financed by different forms of private equity in Germany. These companies generate annual sales of more than 212 billion euros and employ over 1.19 million people (2008). [5)]

Private equity has taken on an important function in the economy, and for that reason we believe that this sector will continue to grow in the mid-term. Private equity not only serves as a source of finance for growth in Germany's classical 'Mittelstand'. It is an attractive option in instances where a company is seeking a new owner for succession reasons. Financial investors are also called on as buyers for peripheral, non-core activities of large corporations. Moreover, in this economic and financial crisis, private equity can substitute borrowings that are not available or help to improve balance sheet structures. Further transaction potential comes from the private equity industry itself, namely, when private equity firms sell portfolio companies to next-generation financial investors (secondary buyouts).

Deutsche Beteiligungs AG is well poised as an active player in this market. From 2004 to 2008, it structured eight MBOs. That makes the Company a leading buyout investor in the mid-market segment[6)], which saw 73 German MBOs in that five-year period. [7)] Some 30 financial investors were involved in these transactions. Only a few of them were able to complete more than two deals. In this competitive field, what distinguishes DBAG as a financial investor are a track record of more than four decades in the German market and its expertise in sectors of particular significance for Germany's economy. In addition to these influential factors, DBAG also profits from its stock market listing, which, compared with the majority of unquoted competitors, creates higher awareness for its operations and confidence-building transparency.

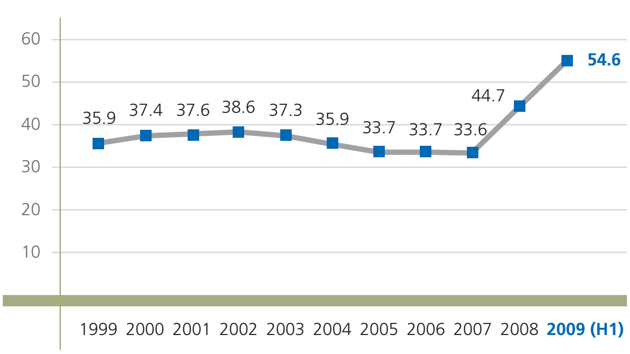
5) Source: BVK data – The year 2008 in figures, Bundesverband deutscher Kapitalbeteiligungsgesellschaften/German Private Equity and Venture Capital Association (BVK), Berlin 2009, page 12
6) Transaction value from 100 to 300 million euros
7) Source: European Management Buy-out Review, Centre for Management Buy-out Research (CMBOR); Nottingham 2009, page 31 (for transactions with a value of 100 to 250 million euros); own research by Deutsche Beteiligungs AG for transactions with a value of 250 to 300 million euros, 2007 and 2008

Irrespective of the significance private equity has gained over the years, and irrespective of the long-term potential we believe is still inherent in the business, the financial and economic crisis is a serious blow for our market. Transaction activity slowed markedly in 2009. That applies to all markets and all types of finance. However, we assume that the cycle is bottoming out and expect the number of deals, as well as the investment value, to rise in 2010.

Debt finance virtually non-available

From 1998 to 2007, the supply of leveraged finance for corporate acquisitions expanded steadily and notably. In 2008, however, it retreated to levels reached in 2004. As a result of the serious situation in the banking sector, debt finance was virtually non-available in 2009. The equity-to-assets trend for European buyouts (see chart) is illustrative of this development. It is difficult to estimate when financing conditions will normalise. We expect that this will take some time. Hence, we believe that future private equity transactions will not be built on entirely new finance structures, but that existing bank funding will be sustained when a buyout investor enters into an investment.

Capital ratio of European MBOs [8]
Share of total equity | %



Exit opportunities curtailed in current economic environment

With credit markets drying up in the past 18 months, transaction activity has changed significantly: Debt finance was virtually not available. Sales from private equity portfolios almost exclusively went to trade buyers – as did the two exits from the portfolio of Deutsche Beteiligungs AG this past financial year. (For details on these realisations, see pages 51ff.) Secondary buyouts – or deals between financial investors – were the exception. Despite a brighter sentiment on the stock markets in the course of the year, there were no flotations from private equity portfolios in Germany in 2009.

Legal framework: EU on regulation path; disadvantages for private equity companies still exist in Germany

In addition to market conditions, the taxation framework is another influential factor for our performance. To be competitive among quoted private equity companies in other countries, as well as in soliciting capital commitments from international private equity investors, a transparent taxation framework is a must. Such structures, which provide for extensive tax-exemption on capital gains, have been in place in Germany since 2001 for public corporations and since 2003 for private equity funds.

Nevertheless, by a European comparison, the taxation and legal framework are still disadvantageous for our business sector in Germany. Germany ranks 20th in a survey of 27 countries; its ranking has hardly improved in the past years. [9] This is a handicap for the operations of Deutsche Beteiligungs AG: International investors in co-investment funds in particular require a reliable taxation framework over the time horizon of their investment. In view of the growing need for private equity, we expect the taxation and legal framework for our sector in Germany to improve.

8) Source: S&P LCD, according to: EVCA Barometer, Issue 69, October 2009, Brussels 2009
9) Source: Benchmarking European Tax and Legal Environments, European Private Equity & Venture Capital Association (EVCA), Brussels, October 2009

At European level, the EU Commission adopted a (not yet final) draft Directive on Alternative Investment Fund Managers (AIFM), which suggests that it will augment transparency for investors. A detailed assessment of the consequences arising from this Directive, which is to take effect in 2011 at the earliest, is not possible at this point.

We pursue our interests through active involvement in our industry association (Bundesverband Deutscher Kapitalbeteiligungsgesellschaften/German Private Equity and Venture Capital Association – BVK) and targeted public relations activity. For a further discussion of taxation issues, please see the Risk management report and the Report on expected developments (pages 60ff. and 72ff.).

Macroeconomic development: Global economy contracted

The financial and economic crisis persisting since mid-2008 has overshadowed all other downswings since the founding of the Federal Republic of Germany. The speed at which the economy plummeted in 2009 is unprecedented in recent history. Global economic output declined for the first time since the end of the Second World War. Appreciable growth of any kind was only recorded in China and India. For the euro area, economists expect the economy to recede by 3.9 percent in 2009; Germany's economy is even forecast to shrink by 5.0 percent. [10]

Growth rates of select economic regions | **GDP, %**

These forecasts for Germany merely refer to an average value. Some sectors of Germany's economy need to cope with significantly sharper declines. That applies to the capital goods industry, which was particularly hard hit by the worldwide recession. Order inflow in Germany's mechanical engineering industry – a sector in which Deutsche Beteiligungs AG prefers to invest – fell for eleven consecutive months until August 2009. On a monthly basis, in some segments of Germany's mechanical engineering industry orders were up to 58 percent below those of the same month the previous year. The industry expects production in mechanical engineering in 2009 to drop by one-fifth against 2008. [11]

The portfolio of the Deutsche Beteiligungs AG Group contains businesses with very different profiles: They operate in different sectors of industry, and their products and services are, in part, marketed both domestically and internationally. Correspondingly, the businesses of these companies are influenced to differing degrees by general economic trends. Investments in mechanical and industrial engineering and in businesses that are dependent on the trend in the automotive industry recorded – partly considerable – sales and earnings declines. Other investee businesses were impacted by the recession to a much lesser degree on average, with a number of them reporting stable or rising sales and earnings. Among them are, in particular, portfolio companies operating in consumer goods sectors.

Currency rates: Euro gained in value in 2009

In the reporting year, the US dollar again lost against the euro, after having gained 13.6 percent in financial year 2007/2008. Its value versus the euro fell by 14.1 percent between the two balance sheet dates (31 October 2008 and 31 October 2009).

[10] Source: "Securing the future through responsible economic policies" – Annual Report 2009/2010, The German Council of Economic Experts, Wiesbaden (November 2009), pages 25-44
[11] Verband Deutscher Maschinen- und Anlagebau – German Engineering Federation (VDMA); in: "Maschinenbauer schöpfen Hoffnung", Handelsblatt, 1 October 2009, page 17

Exchange rate swings affect the business of Deutsche Beteiligungs AG in two different ways: A part of the investments we entered into are denominated in US dollars (IFRS value at 31 October 2009:19.0 million euros; previous year: 24.5 million euros), meaning that changes to exchange rates are directly reflected in the net result of valuation. In the reporting year, the US dollar's devaluation against the euro had a negative effect on the result. The direct impact of exchange rate changes on the portfolio value will, however, decline further, since US buyout funds in the portfolio have concluded their investment periods.

Development of the euro against the US dollar

Apart from this, exchange rates play a role in the business of most portfolio companies in respect of commodity prices and of sales outside the eurozone. Our investee businesses respond to the exposure to currency risk by, among other things, operating facilities in other currency zones. In our opinion, a weaker US dollar is not to the benefit of our portfolio companies (see Note 31 Financial risk disclosures, pages 98ff.).

Steering and control

- Corporate performance defined by value growth of investments
- Valuation measured by fixed set of procedures
- Investment managers co-invest own money alongside the Company

Performance measure: Return on equity per share key orientation mark

The key target and performance measure for Deutsche Beteiligungs AG is the return on net asset value (NAV) – or equity – per share. The second core reference parameter is the cost of equity, which is considered a benchmark in assessing the development of returns. The Board of Management pursues the objective of achieving a net asset value per share over the long-term average at a rate that exceeds the cost of equity.

To that end, we compare the net asset value per share at the close of the financial year with the opening NAV per share, less dividends, at the onset of the financial year.

We employ the capital asset pricing model (CAPM) to determine that value. This conforms to a recommendation by the Institut der Wirtschaftprüfer (IDW) on determining the cost of capital in conjunction with enterprise valuations. Based on the CAPM, to arrive at the cost of equity r_{EK} it is necessary to determine

- the risk-free base rate r_f,
- the stock market risk premium r_M and
- the company-specific risk ß.

The cost of equity is derived as follows: $r_{EK} = r_f + ß * r_M$

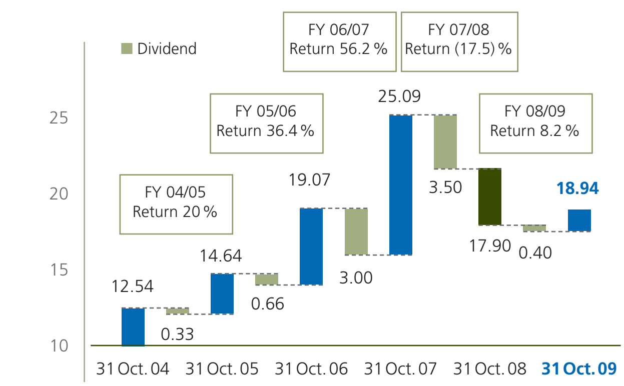
We derive the risk-free base rate from the interest structure curve for German Government bonds with a term of 15 years and the value at which the rate converges over a perpetual term. At 31 October 2009, this value was 3.1 percent. The market risk premium used was five percent, which is within the IDW-recommended spread of four to five percent.

The individual risk measure for Deutsche Beteiligungs AG (ß) is determinable using the regression method, which shows the relationship between the expected return of a market index and the expected return of the shares of Deutsche Beteiligungs AG. Different beta values result, depending on the choice of market index, the period of time and the length of return intervals. The beta values thus determined are unstable over time. In view of these methodical problems, we chose a pragmatic approach, using 1 as the beta of the shares. This value is adjusted based on the differences between the financing structure of Deutsche Beteiligungs AG and the average financing structure of securities quoted on the stock market. This procedure assumes that of two equal companies, which differ only in the companies' financing structure, the company with the higher level of debt also bears a higher risk. In view of the extremely sound financial situation compared with the total market – Deutsche Beteiligungs AG again had no bank debt and substantial cash funds at the close of financial year 2008/2009 – the adjusted beta of the shares is 0.8.

Inserting the three values in the CAPM formula results in equity costs of 7.1 percent for Deutsche Beteiligungs AG.

Although the return on equity per share exceeded the arithmetically computed cost of equity of Deutsche Beteiligungs AG in the reporting year, it clearly fell short of the long-term average. In financial year 2008/2009, net asset value per share rose by 1.04 euros to 18.94 euros per share, despite a dividend payment of 0.40 euros. Adjusted for dividends, this equates to an increase in net asset value of 8.2 percent. Over the past ten-year period (1999/2000 to 2008/2009) we achieved an average total return on net asset value per share after taxes of 14.0 percent. The spread over this ten-year period ranged from -17.5 percent to 56.2 percent.

NAV (equity) per share €



Value growth of investments key factor for corporate performance; validity derives from longer-term view

The level of net asset value (equity) per share is largely determined by the value development of the portfolio: Changes in the fair value – the current market value of an investment – are directly reflected in equity through profit or loss. The development in the value of investments is the key factor on the Company's income statement.

The Valuation Committee, which includes the entire Board of Management, monitors the valuation of each portfolio company on a quarterly basis. The measurement is geared to rules that correspond to the fair value approach of the International Financial Reporting Standards (IFRS); the principles of the valuation methodology are discussed in the Notes to the consolidated financial statements on pages 83f.

As the past two financial years have shown, valuations may be subject to strong fluctuations, since their measurement includes factors derived from industry-related cyclical trends and conditions in quoted markets. It should be kept in mind that short-term changes do not convey a true picture of a portfolio company's development. Rather, the performance of a private equity investment requires a longer-term view. This is the primary reason why Deutsche Beteiligungs AG has geared its target to the long-term average return on equity per share; we cannot and do not want to measure our performance by the results of one single financial year.

Because of the particularities of our activity, we do not steer the business of DBAG by classical annual indicators such as EBIT or profitability. The key influential parameter is the mid-term development of the portfolio or of an individual investment (see above). We lay the foundation at the onset of our investment by clearly defining performance targets – for instance, profitability or cash flows – based on the business plans we develop together with the portfolio companies' managements. During the time of our investment, we perform quarterly enterprise valuations (fair value) derived from our portfolio companies' performance data. Based on monthly or quarterly reports, we closely monitor the trend in each investee business in a comparison of the opening values with the current budget (budget/actual).

By taking seats on advisory councils and supervisory bodies, the members of the Board of Management and investment managers of Deutsche Beteiligungs AG are constantly informed about the operational, financial and strategic developments at our portfolio companies. At regular meetings with the management teams of our investee companies, the necessary action that management intends to take is discussed.

A further influential factor for value growth is liquidity: We require an adequate sum of liquid funds to take advantage of investment opportunities. As a result of a number of profitable realisations, the Company's current liquidity is very high.

Board of Management members directly involved in operating business

The four members of the Board of Management are personally involved in the core processes of business operations at Deutsche Beteiligungs AG. Due to the significance of individual transactions for the Group, they take on assignments in generating investment opportunities (deal flow), analysing (due diligence) and negotiating acquisitions and disinvestments, as well as supporting the investee businesses. Members of the Board of Management of Deutsche Beteiligungs AG also take offices on supervisory boards or advisory councils of major portfolio companies. Additionally, key issues are discussed and decisions prepared and taken in weekly meetings attended by all members of the Board of Management and the staff involved in investment transactions or the development of portfolio companies.

We have installed a risk management and surveillance system that addresses exposure both to operational risk and to risk inherent in the development of portfolio companies. The risk management and surveillance system is a constituent of the independent auditors' year-end audit. The risks addressed by this system are discussed in the Risk management report (pages 60 to 67).

A risk management report is drawn up on a quarterly basis; special reports are prepared, if appropriate. The Board of Management is confident that it has a comprehensive view of the risk situation within the Deutsche Beteiligungs AG Group. Personal involvement in monitoring the investments and quarterly controlling reports on the investments contribute importantly towards this.

Incentivisation: Investment team members invest their own money in portfolio companies

In line with their significance for the performance of Deutsche Beteiligungs AG and with international standards in the private equity industry, the members of the Board of Management and select experienced staff share in the performance of investments in a specified investment period at their own risk. Each investment period principally corresponds to the period defined as the "investment period" by co-investment funds. With the launch of DBAG Fund IV in 2001, the managerial team committed to co-invest in the fund at their own risk; the same practice applies to DBAG Fund V. Consequently, the management team shares in both the upside and downside of the portfolio investments of Deutsche Beteiligungs AG. This system serves to promote the staff's initiative and dedication to the portfolio companies and the long-term retention of high calibre personnel for the Company.

The investments are realised within the scope of a partnership participation in the respective fund by the individuals concerned. For those participating, this can result in a superior profit share from the fund's overall performance. The profit share is only paid if Deutsche Beteiligungs AG or the investors in the co-investment fund concerned have realised a minimum return on their invested capital. For DBAG Fund IV and DBAG Fund V, this minimum return amounts to eight percent annually. The structure of the profit share, its implementation and conditions are in conformity with common practice in the private equity industry and constitute a prerequisite for the placement of private equity funds.

People and compensation

- Managers with experience across all investment cycles
- System delivers differentiated incentives

Long years of service attest to high degree of loyalty to Deutsche Beteiligungs AG

The business in which we operate thrives on the professional skill and discernment of its people. Personal and professional experience is a key factor. This is of particular importance in critical times. Nearly half of the 17-member investment team has more than ten years of professional experience and, thereby across several investment and economic cycles; the members of the Board of Management have been operating in private equity for between nine and 19 years.

One of the fundamentals of our business is that we will only be able to deliver outstanding value, if investment professionals identify the right investee businesses. They need to recognise existing potential and motivate the managements of these investee businesses in developing that potential. Ultimately, they will need to steer the process by which to profitably exit the investment. In addition to excellent management skills and sector knowledge, this calls for a high degree of leadership and motivation qualities, communication skill and social competency. In the past years, Deutsche Beteiligungs AG has successfully selected and developed its staff at all levels of the Company with a view to these demanding standards.

A motivating work environment characterised by lean reporting lines, teamwork-based project organisation and early delegation of responsibility and authority is important for our performance. This has led to dedicated loyalty on the part of key staff: Investment managers and senior executives boast an average of more than nine years of service. Approximately half of our staff has a university degree. Four out of five employees participated in further education programmes this past year.

The number of staff has increased slightly since the previous closing date at 31 October 2008. At the end of financial year 2008/2009, Deutsche Beteiligungs AG employed a staff of 49, of whom 40 serve full-time and five are engaged part-time. Four apprentices are currently qualifying for their future professions; this equates to an apprenticeship quota of more than eight percent. Furthermore, we offered 14 students (previous year: twelve) an internship for a period of several months, allowing them to gain insight into the responsibilities of investment managers prior to receiving their university degrees.

	2008/2009	2007/2008
Employees (without Board of Management)	**49**	**48**
thereof, full-time	40	39
thereof, part-time	5	3
thereof, apprentices	4	5
Personnel costs and social contributions (€mn)	**8.7**	**7.9**

Employee compensation: Fixed and variable components create effectual incentives

The importance our people have for the performance of Deutsche Beteiligungs AG is mirrored in a compensation system that creates the right incentives and allows select staff to share in the Company's achievements. For that reason, compensation is composed of fixed and performance-related components as well as components with long-term incentive effects.

The variable part includes a bonus system that rewards the performance of Deutsche Beteiligungs AG as well as personal performance. Performance is measured by a number of factors, for example, the value growth of individual portfolio companies, realisations of investments or the number and quality of new investments. Profit-share schemes designed to allow the team members to participate in the performance of the investments of Deutsche Beteiligungs AG have long-term incentive effects.

The Company offers all employees an employee share purchase plan. In the reporting year, 55 percent of the staff made use of this offer (previous year: 57 percent).

Reports not included

A **research and development report** (R&D) is not required in this Management's report, neither are **disclosures on environmental protection**, nor on **procurement**: The business operations of Deutsche Beteiligungs AG are that of a capital investment company and do not involve the manufacture of goods.

Business development and financial performance

- Consolidated profit from realisations
- Development of portfolio companies partly impeded by economic crisis
- Substantial liquidity reserves provide operational scope in strained financial market environment

Financial year 2008/2009 closed with a profit of 19.6 million euros

For financial year 2008/2009, the Company posted a consolidated profit of 19.6 million euros. The previous year closed with a consolidated loss of 51.1 million euros. Net asset value per share increased from 17.90 euros in the preceding year to 18.94 euros. The rise stems from a gain of 1.44 euros per share, less dividends of 0.40 euros per share paid to shareholders in March 2009. The return on equity per share is 8.2 percent, following -17.5 percent in the prior year.

The price movement of DBAG shares was very satisfactory this past financial year, now drawing nearer to net asset value per share. We attribute the strong rise to the good level of earnings achieved despite the adverse economic environment. Another conducive factor was, in our opinion, the capital market's assessment that our strategy of exposing our portfolio companies to only moderate levels of leverage would reduce the risk of total losses on investments in difficult economic times. The price of DBAG shares advanced from 10.45 euros at the beginning of the financial year to 15.55 euros at the balance sheet date. Adjusted for the dividend of 0.40 euros, the value of DBAG shares climbed by 54.8 percent this past financial year, clearly outpacing the performance of the S-Dax and other benchmark indices.

Despite the economic crisis, Deutsche Beteiligungs AG augmented the value of the portfolio in 2008/2009, achieving a positive net result of 31.8 million euros from investing activities. The realisations of Lewa GmbH and MCE AG[12)] made the major contributions towards the result. Both transactions generated a considerable gain over the opening valuation at the beginning of the financial year. The realised profit on disposal exceeds the value uplifts recognised for 2008/2009, with both investments already valued over their historical cost at the beginning of the year.

Apart from the investment in MCE AG, whose sale was agreed but is subject to regulatory approval, our investment in Homag Group AG accounts for the largest part of the portfolio value.[13)] Based on IFRS rules, our valuation of the investment corresponds to the stock market quotation. It fell slightly against that of the previous closing date, resulting in a marginally negative valuation effect at the end of the reporting year.

The fair value of the other, non-quoted companies in the portfolio is measured by generally accepted valuation methodologies.[14)] These consider, among other things, the development of the companies' earnings and balance sheets, as well as the valuation of comparable quoted companies in the capital market.

The development of these portfolio companies differed considerably in 2008/2009. Some investee businesses were confronted with sharp declines in demand in their specific markets as a result of the recession and recorded setbacks in sales and earnings. This particularly applies to a number of portfolio companies operating in mechanical and industrial engineering as well companies dependant on the business trend in the automotive industry. Other portfolio companies, such as manufacturers or marketers of consumer goods in part reported stable or increased sales and earnings.

Despite lower levels of earnings, the rise in share prices led the capital markets to valuate companies higher on average at the balance sheet date than a year ago.

In total, performance in the reporting year exceeded expectations at the onset of the financial year, which were dampened by the acute financial crisis and the economic plunge in autumn 2008. The proceeds from the realisations of Lewa and MCE[15)] (see below) were substantially over the opening valuations at the beginning of the financial year and thus had a positive effect on the expected earnings position.

Cash-flow surplus from investment activity further enhances liquidity

This past financial year, the Company's sizeable cash position grew by another 18.8 million euros, up from 105.2 million to 124.0 million euros at the balance sheet date. Of that amount, 50.8 million euros (previous year: 36.1 million euros) are shown as cash and cash equivalents in the balance sheet. Another 73.2 million euros (previous year: 69.2 million euros) are carried as current assets in item "securities"; these relate exclusively to government securities.

Major cash flows from investing activities in the reporting year stemmed from the realisation of Lewa GmbH and from returns from the Harvest Partners Intl. IV fund. This fund profitably sold a portfolio company. In total, we recorded proceeds of 33.0 million euros from disposals and returns. Outflows for investments amounted to 4.3 million euros, and relate exclusively to increases of existing investments. Taking account of the 4.1 million euro increase in short-term securities, this year saw positive cash flows from investing activities of 23.7 million euros. The dividend payment for financial year 2007/2008 reduced the liquid resources by 5.5 million euros; cash flows from operating activities were negative at -3.5 million euros. In net terms, cash funds rose by 14.7 million euros in financial year 2008/2009.

12) The sale is agreed and is subject to approval by the anti-trust authorities
13) See footnote 3) page 39
14) Valuation methodologies are detailed in section "Asset position and portfolio development" on page 55
15) See footnote 12)

Investment activity inhibited in wake of financial and economic crisis

Currently, Deutsche Beteiligungs AG invests jointly with its co-investment fund DBAG Fund V, whose five-year investment period began in financial year 2006/2007. DBAG Fund V has capital commitments of 434 million euros. Approximately 40 percent of the committed capital has been drawn down to date. These assets were invested in four portfolio companies. The investment in Homag Group AG was partially realised through the company's flotation. The sale of MCE AG, agreed in October 2009, was subject to approval by anti-trust authorities. Greater exposure to risk coming from the uncertainty prevailing in the markets led to a marked decline in the deal flow. Combined with the inadequate supply of leverage, attractive transaction opportunities were practically non-existent in 2008/2009, and therefore new investments in the portfolio were not made.

In respect of potential acquisitions, the restrained market trend in 2008/2009 did not correspond to our expectations at the beginning of the financial year. We were neither able to foresee the depth of the recession, nor did we expect that debt finance would virtually be unavailable for such an extended period.

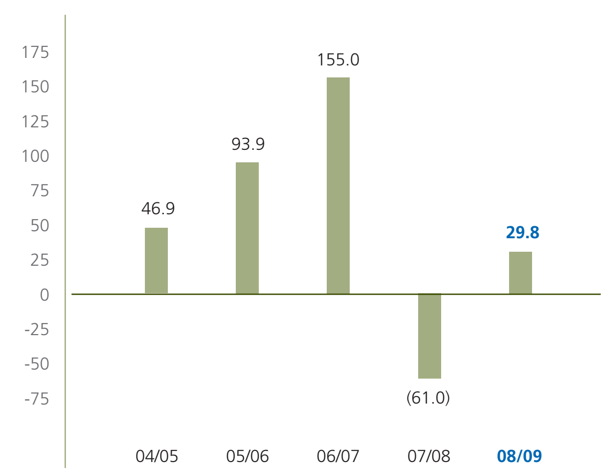
Earnings position

- Positive result despite adverse environment
- Profitable realisations enhance performance
- Portfolio companies show differing development

Positive result from investment activity

The consolidated profit of 19.6 million euros for the year 2008/2009, following a consolidated loss of 51.1 million euros the preceding year, was driven by a positive **net result of valuation and disposal of financial assets and loans and receivables** (net result of valuation and disposal). It reached 29.8 million euros, up from -61.0 million euros for the preceding year (before minority interest, respectively). This item contains the value movements during the year on investments, loans and receivables, as well as the net result from disposals of financial assets. Of that amount, 17.5 million euros are attributable to the net result of disposal (previous year: -2.2 million euros).

Net result of valuation and disposal of financial assets and loans and receivables €mn



In 2008/2009, we exited our investment in pump manufacturer Lewa GmbH and agreed the sale of our interests in MCE AG to a strategic investor. Both of these transactions produced a significant gain: the sales prices achieved were considerably over their historical costs as well as their opening valuations at the beginning of the financial year. The sale of Lewa GmbH was completed in the reporting year. The profit on disposal is therefore contained in the net result of disposal. A contribution to the result also came from our fund investment Harvest Partners Intl. IV, following the realisation of a company from the fund's portfolio. The contracts on the sale of MCE AG were signed in October 2009; the completion of the sale was subject to approval by the anti-trust authorities. The gains in value expected through this imminent sale were therefore recognised in the net result of valuation for the 2008/2009 financial year.

Other factors influencing the net result of valuation in the reporting year were the slight decline in the price of shares in Homag Group AG, the dissimilar trends in earnings and balance sheet indicators of the other portfolio companies (see discussion on page 49) and valuations of comparable companies in the quoted sector.

Following the completion of the sale of MCE AG [16)] (share of portfolio value: 39.2 percent [17)]), the largest portion of the portfolio value falls to Homag Group AG, a quoted company, which accounted for 18.2 percent at the balance sheet date. It is valued at the stock market price on the annual closing date of Deutsche Beteiligungs AG. Over the reporting year, Homag shares fell from 9.07 euros to 8.46 euros; the resulting valuation effect of -1.6 million euros did not materially influence the net result.

The performance of the other portfolio companies in terms of earnings and debt differed in 2009. In addition to weaker operational business brought on by the recession, some portfolio companies had to shoulder the charges for the counteraction that was undertaken. Other investee companies posted stable or, in part, improved results, despite the difficult environment.

Valuation ratios in the capital markets have risen. For example, mechanical and industrial engineering companies were valued by a multiple on earnings at the balance sheet date that was up by about three quarters on the previous year. This reflects investors' expectations of an upcoming economic recovery.

In net terms, the combination of these factors led to a marginal decrease in the value of the companies remaining in the portfolio in financial year 2008/2009.

Current income from investments declined

In 2008/2009, **current income from financial assets and loans and receivables** totalled 1.9 million euros. This falls short of the previous year's 7.6 million euros by 5.7 million euros. As a result of the recession, profit shares from portfolio companies were lower in some instances. In the preceding year, this item also contained a profit distribution from a co-investment fund.

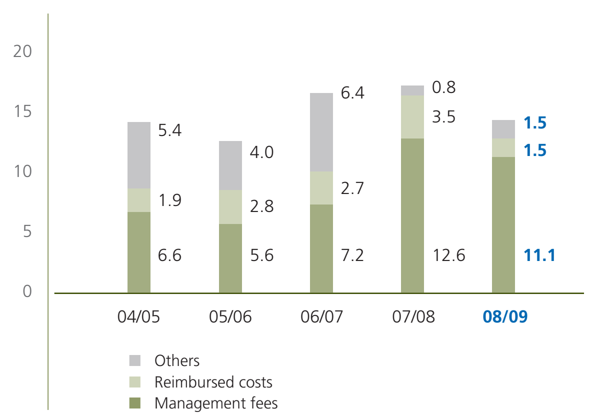
Other income/expense more negative than the prior year

Personnel expenses in 2008/2009 increased to 13.4 million euros, a rise of 1.4 million euros from 12.0 million euros. Performance-related salary components linked to complete and partial realisations were higher in the reporting year as compared with the year before. Variable, performance-related profit share systems (schemes for investments up to the year 2000 and for investments from 2001 to February 2007) amounted to 2.6 million euros, following 0.8 million euros the previous year. Performance-linked income falls due upon realisation of the value growth and therefore contains performance-related components from value gains achieved in previous years.

16) See footnote 12) page 49
17) See footnote 3) page 39

Other operating income, totalling 14.1 million euros, was considerably lower than the previous year's 16.9 million euros. The most significant items in other operating income are management fees from funds managed by Deutsche Beteiligungs AG (11.1 million euros) and reimbursed costs (1.5 million euros). In the previous year, management fees amounted to 12.6 million euros and reimbursed costs 3.5 million euros.

Other operating income €mn



Fees for management services largely depend on the size of the managed co-investment funds, or – after completion of the investment phase – the historical cost of the residual investments in the co-investment funds' portfolios. Disinvestments of portfolio companies reduced the fee measurement basis for DBAG Fund IV. A performance-linked fee that Deutsche Beteiligungs AG received in addition to the regular fee from co-investment fund Fonds I KG was higher the previous year than in the reporting year.

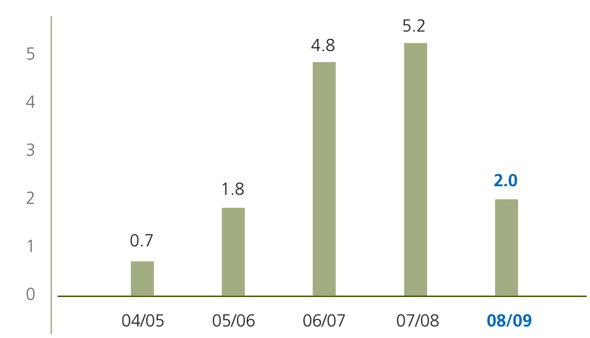
Other operating expense fell to 10.9 million euros on the previous year's 11.6 million euros. This item largely relates to expenses from investment management activity, meaning the purchase, monitoring and disinvestment of companies or fund investments, in addition to general consultancy costs, office rental and sales tax expense. The costs for investment management activity declined markedly versus 2007/2008. The decrease was partially offset by higher expenses in other areas. In 2008/2009, other operating expense also contains a value adjustment on a receivable from a portfolio company, which is recognised in current assets.

Other operating expense also includes numerous smaller items relating to costs incurred in the ordinary course of business.

Net interest declined

Interest income was 2.4 million euros in 2008/2009, which was below the previous year's 5.2 million euros. This comes as a result of markedly lower interest rates. [18)]

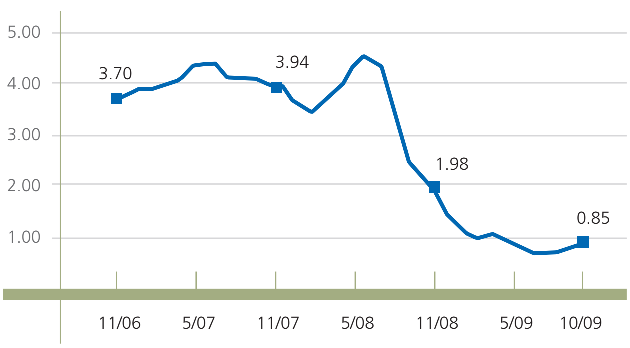
Net interest €mn



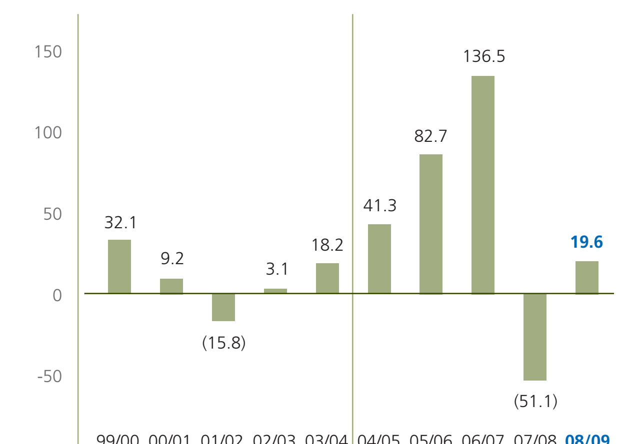
18) "Term structure of interest rates on listed Federal securities", based on Deutsche Bundesbank, Time Series, WZ9808: yield curve (Svensson method)/ listed federal securities/residual maturity of 1.0 year / end-of-month

Interest expense in 2008/2009 was 0.4 million euros, which largely stems from the difference between interest expense for pensions obligations and expected returns on plan assets. In the previous year, this item was negligible.

Interest rate trend of short-dated government bonds
Residual maturity up to one year | %



Consolidated profit for the year | €mn



The consolidated profit/loss set out above is based on German accounting standards for the years from 1999/2000 to 2003/2004 and thereafter on the IFRS format.

Net asset value up 8.2 percent

The Deutsche Beteiligungs AG Group posted a consolidated profit for the 2008/2009 financial year of 19.6 million euros. The previous year saw a consolidated loss of 51.1 million euros. The return on net asset value per share was 8.2 percent, following -17.5 percent the preceding year. The average return on net asset value per share over the last ten-year period is 14.0 percent (previous year: 17.3 percent).

Return on equity per share | %

The return on equity set out above is based on German accounting standards for the years from 1999/2000 to 2003/2004 and thereafter on the IFRS format.

Five-year summary of earnings

€mn	2008/ 2009	2007/ 2008	2006/ 2007	2005/ 2006	2004/ 2005
EBIT	20.4	(60.5)	150.8	89.1	41.6
EBT	22.4	(55.3)	155.6	90.9	42.3
Consolidated profit/(loss)	19.6	(51.1)	136.5	82.7	41.3
Consolidated retained profit	52.6	29.2	118.2	57.2	35.5

Financial position

- Cash inflows from disposals again exceed outflows for investment
- High liquidity, funds largely invested in government securities

Irregular payment flows

Major payment flows in our operations stem from a limited number of annual corporate investments and disinvestments. The success of these transactions depends on numerous external factors that Deutsche Beteiligungs AG can only conditionally control. It follows that payment flows are irregular and only roughly predictable. We respond to these conditions through our finance management: For the short to mid-term, we draw on existing liquidity – as is currently the case – or, alternatively, on borrowings. For longer planning horizons, we steer the amount of equity capital through distributions, share repurchases – as in 2005, 2006 and 2007 – or, if appropriate, capital increases (2004).

The sizeable liquidity we have of 124.0 million euros (thereof, government securities of 73.2 million euros and, to a small part, time deposits in banks with a credit rating based on Standard & Poors of A+ or better) is, in our view, a significant advantage in the current economic crisis. It gives us scope to continue our investment activity in a stressed environment. At 31 October 2009, approximately 40 percent of our current co-investment fund DBAG Fund V had been drawn down; that leaves us capital commitments of another 260 million euros.

No liabilities to banks

In financial year 2008/2009, Deutsche Beteiligungs AG financed its activities from equity. At 31 October 2009, the Group recorded equity capital of 259.0 million euros; equity capital at 31 October 2008 had totalled 244.8 million euros. The **capital-to-assets ratio** of 89.1 percent (previous year: 89.9 percent) remained very high.

Non-current liabilities, totalling 12.4 million euros at 31 October 2009, exceeded the previous year's 10.3 million euros. This item primarily contains minority interest, which increased from 9.3 million euros to 12.3 million euros. The rise is due to an increase in value of an investment fund that invests alongside DBAG Fund IV, in which members of the Board of Management and a select group of staff indirectly hold shares; these shares are recognised in "Minority interest". The higher value of this investment fund chiefly reflects the positive value development of the interests held and realised this year in Lewa GmbH, an investment by DBAG Fund IV.

Current liabilities amounted to 19.1 million euros at the balance sheet date. This represents an increase of 2.0 million euros against the previous year's 17.1 million euros. The prime reason for this was the change in other provisions from 10.4 million euros to 13.1 million euros; these increased because of higher provisions for performance-linked emoluments.

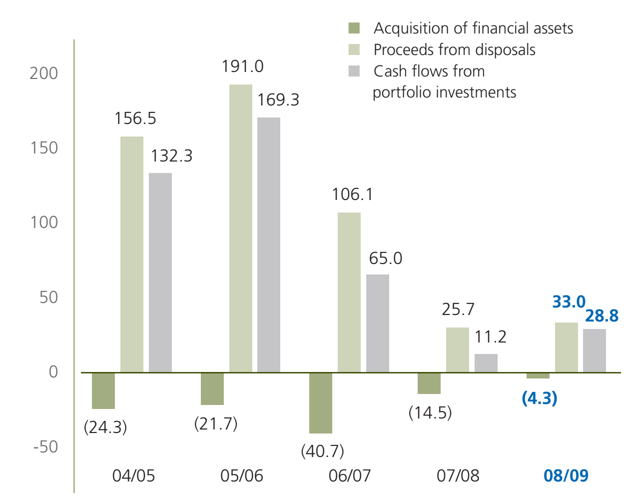
Liquidity position augmented following realisations

Liquid resources increased to 124.0 million euros, up by 18.8 million euros from 105.2 million the previous year. Of that amount, 50.8 million euros are disclosed under **cash and cash equivalents** in the balance sheet. Another 73.2 million euros are reported in current and non-current assets in item **securities**. These are government securities. The increase in liquidity chiefly ensued from realisation proceeds.

Cash-flow surplus from investment activities

Investment and disinvestment activities in 2008/2009 resulted in cash inflows of 23.7 million euros. They largely derive from payments for investments in the portfolio netted against proceeds from disposals of investments.

Cash flows from portfolio investments | €mn



Proceeds from disposals of financial assets, including profits over valuation amounting to 33.0 million euros, were primarily generated by proceeds from the disinvestment of Lewa GmbH and by returns from the fund investment in Harvest Partners Intl. IV.

Payments for acquisitions of financial assets fell from 14.5 million euros the previous year to 4.3 million euros. These exclusively relate to follow-on investments in existing investee businesses. In a period of economic uncertainty and strongly limited availability of debt finance, attractive investment opportunities were rare. The rise in securities led to an outflow of 4.1 million euros (previous year: 69.2 million euros).

Property, plant and equipment almost unchanged

Expenditures for property, plant and equipment were 1.0 million euros in financial year 2008/2009; in total, property, plant and equipment decreased from 8.1 million euros to 8.0 million euros. This item mainly relates to a real estate property in the city of Frankfurt.

Five-year summary of cash flows

€mn	2008/2009	2007/2008	2006/2007	2005/2006	2004/2005
Cash flows from operating activities	(3.5)	3.0	(2.6)	(4.1)	(35.6)
Cash flows from investing activities	23.7	(65.4)	65.0	168.8	132.2
Cash flows from financing activities	(5.5)	(57.3)	(71.4)	(40.7)	(57.1)
Change in cash funds	14.7	(119.7)	(9.0)	124.0	39.5

Asset position and portfolio development

- Investments in Lewa and MCE [19] realised
- Recession impedes value growth of other portfolio companies
- High liquidity reserves

Carrying amount of portfolio stable

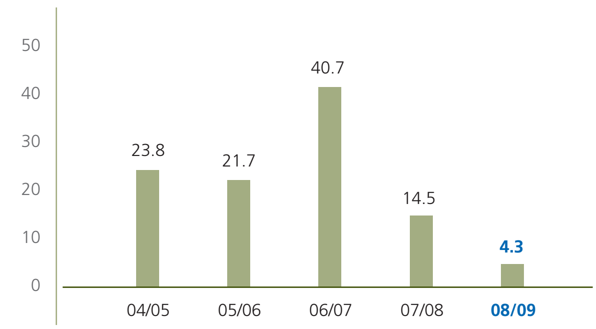
The value of the Group's investments is reflected in the balance sheet items of financial assets as well as loans and receivables. The sum of both of these items, the investment portfolio, amounted to 137.2 million euros at 31 October 2009 and chiefly consists of investments in 19 companies and private equity funds. At 31 October 2008, the carrying amount of the investment portfolio had totalled 138.4 million euros invested in 21 companies. MCE AG, for which we agreed a sales contract in October 2009, is carried in the portfolio with a value of 48.3 million euros at the balance sheet date; this sale is subject to approval by the anti-trust authorities.

In financial year 2008/2009, we invested the sum of 4.3 million euros in existing portfolio companies – in three direct investments and in one fund investment. The Company did not make new investments.

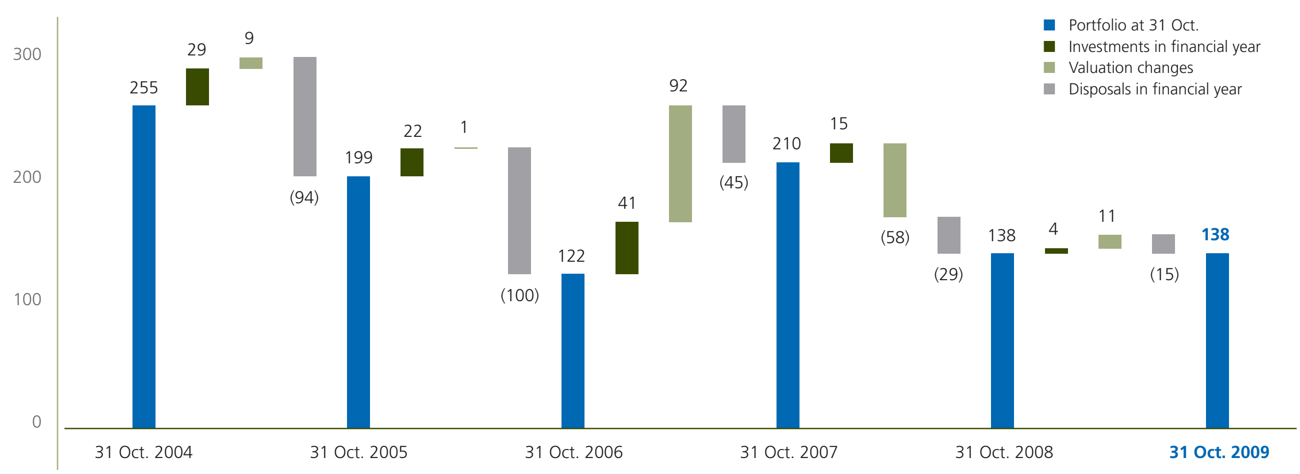
[19] See footnote 12) page 49

Disposals, partial disposals and returns from fund investments of 15.5 million euros – measured against the opening amount at the beginning of the financial year – reduced the portfolio value in 2008/2009. Major amounts are attributable to the disposal of Lewa GmbH and returns from the fund investment in Harvest Partners IV. The fund investment in HSBC Technology Fund Ltd. ended after all portfolio investments had been exited.

Investments €mn



Development of the portfolio (IFRS) €mn



Portfolio profile

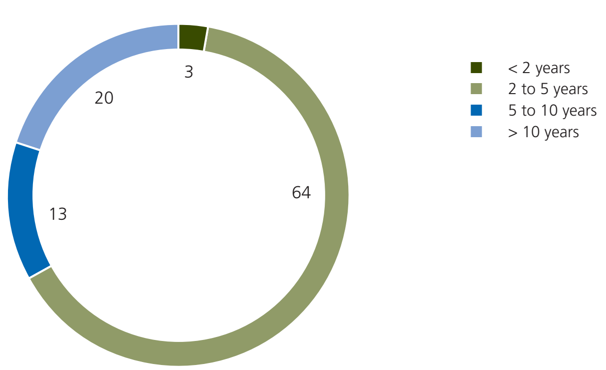
The following seven investments account for 90 percent of the portfolio value (IFRS)[20] at 31 October 2009:

Company (alphabetically ordered)	Equity share DBAG (%)	Business field	Industrial sector	Valuation method
Clyde Bergemann Group	17.8	MBO	Mechanical and industrial engineering	Multiples
Heim & Haus GmbH	20.4	MBO	Consumer goods	Multiples
Hochtemperatur Engineering GmbH	27.6	MBO	Mechanical and industrial engineering	Purchase offer/realised
Homag Group AG	16.8	MBO	Mechanical and industrial engineering	Stock market price
ICTS Europe Holdings B. V.	17.5	MBO	Industrial services	Multiples
JCK KG	3.6	Growth	Consumer goods	Multiples
MCE AG	18.8	MBO	Industrial services	Purchase offer/realised

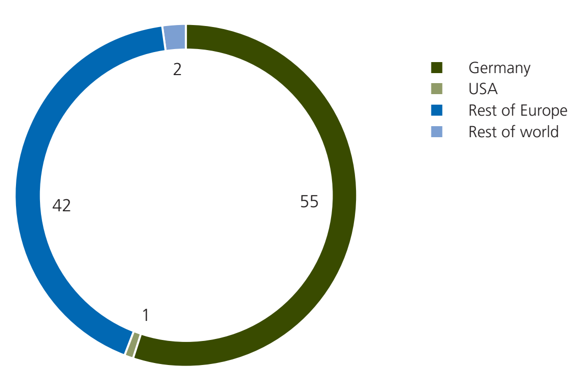
Industrial sector	Share of portfolio value %
Mechanical and industrial engineering	45.5
Consumer goods	7.5
Industrial services and logistics	42.3
Other	4.7

The value of the investments remaining in the portfolio totalled 138.5 million euros at the end of the financial year (previous year: 138.4 million euros). The major influential factor for this development was the valuation uplift for MCE AG. At the balance sheet date, this portfolio company was valued at the sales price agreed with the party to the contract in October 2009 (less the usual reserves for representations and warranties). The total value of the other investments in the portfolio fell slightly in financial year 2008/2009.

Holding periods for investments %
(measured by IFRS value)



Geographical dissemination of investments %
(measured by IFRS value)



20) See footnote 3) page 39

Valuation of investments performed at fair value; higher valuation multiples reflect investors' positive expectations

We measure the fair value of our investments at quarterly intervals. Valuation changes are recognised through profit or loss. In conformity with the IFRS, the fair value of our financial assets is determined on the basis of our internal valuation guidelines. These assure consistency in performing valuations over time. To that end, we employ different methods:

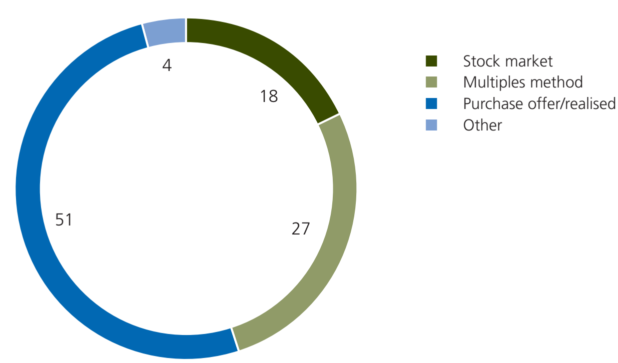
- Stock market prices (at the valuation date) for quoted companies, in case of lock-up restrictions, with a discount applied
- Recent purchase offers

Should neither of these procedures prove applicable, valuations are usually determined on the basis of comparable companies:

- Valuation based on recent M&A transactions of comparable companies
- Valuation based on peer-group comparisons of quoted companies

Additionally, other procedures may be applied, such as the discounted cash flow method to determine the value of expected returns from fund investments. The fair value of silent participations and loans granted by Deutsche Beteiligungs AG to its portfolio companies corresponds to their historical cost (or, if applicable, the lower market value). The same applies to the fair value of new investments in the first year after acquisition, insofar as there is no material impairment.

Valuation methods applied for investments
(measured by IFRS value) %



The rise in stock market prices despite falling corporate earnings led to higher valuation multiples derived from the quoted sector in 2008/2009. This trend mirrors investors' expectations of a future upswing. Applying multiples derived from quoted markets can – as in the previous financial year – reduce the equity value of an investment to nil, even though the stock markets might very well still post a positive value for a comparable company.

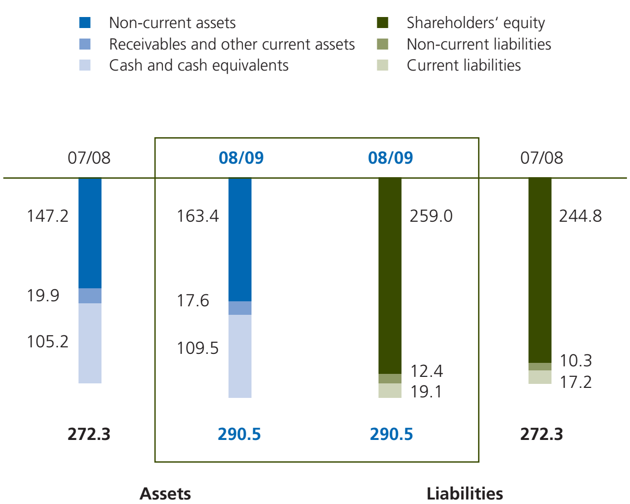
Current assets lower

Current assets (without cash and cash equivalents and securities) were 17.6 million euros at 31 October 2009 (previous year: 19.9 million euros), changing only marginally.

Five-year balance sheet summary

€mn	2008/ 2009	2007/ 2008	2006/ 2007	2005/ 2006	2004/ 2005
Non-current assets	163.4	147.2	211.3	124.6	201.1
Current assets	127.1	125.1	183.0	195.5	65.2
Equity	259.0	244.8	353.6	289.0	246.6
Liabilities/provisions	31.5	27.4	40.8	31.1	19.7
Total assets	290.5	272.3	394.4	320.1	266.3

Balance sheet structure €mn



General financial position: Sizeable liquidity reserves ensure scope in a stressed environment

Deutsche Beteiligungs AG pursues its business with a long-term focus. Phases of high investment activity alternate with phases in which we concentrate on the development of the portfolio or on realisations. The favourable environment prior to the outbreak of the financial and economic crisis enabled us to build a sizeable liquidity position following profitable realisations. In 2008/2009, which saw very low new investment, this liquidity position increased again through cash flows from further realisations and strengthened our platform for future investments.

Report on the economic position of the Group

- Group financially well poised
- Portfolio companies face tough challenges

In the opinion of the Board of Management at the time this report was drawn up, the Deutsche Beteiligungs AG Group is economically well positioned.

Despite the adverse economic environment, the Company achieved a markedly positive result in financial year 2008/2009. Deutsche Beteiligungs AG remains outstandingly capitalised: the Company has liquid resources of 124.0 million euros and no bank debt. Fee income from co-investment funds serves as a good basis on which to cover a major part of the costs for the management of the portfolio.

The business trend among the portfolio companies differed widely in 2008/2009. Those companies struck by the recession responded by implementing comprehensive action to stabilise their position, endeavouring to adjust their business models to more extreme cyclical swings. These programmes are aimed at creating the requisites for a sustainable recovery and value growth in an improved economic scenario.

General economic conditions will not yet materially promote the sales and earnings trends of our portfolio companies this current 2009/2010 financial year. However, our assessment remains unchanged that the investment portfolio consists of strategically well-positioned companies with further potential for development.

Our accounting exhibits uniformity even in an uneasy general economical environment. This past year, there was no fundamental change in the use of measurement options or grooming transactions compared with the previous years. Information on the use of measurement options and grooming transactions is presented on page 71 of this report as well as in the Notes to the consolidated financial statements on pages 81 and 83ff.

Events after the balance sheet date

After the balance sheet date, there were no material events that have a bearing on operations; there were, in particular, no investment transactions.

Potential, rewards and risk

Risk management system

- Group's position remains stable
- Company attaches particular importance to risk surveillance
- Investment strategy has strong bearing on rewards/risk profile

Risk management and surveillance system addresses rewards/risk and contributes importantly to performance

Our rewards and risk management system is designed to best manage major risks inherent in the Group's business and to effectively take advantage of the opportunities that arise from these dealings.

Its purpose is to create a suitable set of instruments to identify, analyse, control and monitor risk exposure. That requires developing recommendations on the adaptation of risk management processes, on the control of risks as well as on an appropriate estimation of business-specific rewards and risks.

Our risk management and surveillance system has the objective of providing a comprehensive overview of the Group's exposure to risk. Events or the impending risk of events involving material negative financial effects for the Group must be recognised promptly in order to define and take counteraction to reduce or avoid risk exposure or to manage these risks.

Key risks in the investment business relate to the purchase, holding and sale of investments. There are risks involved, but there are also opportunities inherent in these dealings. The analysis and control of these risks therefore also encompass an opportunity management system.

The management of rewards and risk is closely linked to the day-to-day operating business of the investment team. It involves in-depth market observation and includes identifying and analysing potential investment opportunities, supporting our portfolio companies and maintaining and enhancing our network.

Opportunities and risk should be balanced so that opportunities may be seized without endangering the continuity of the company as a going concern. This begins when screening potential investments and extends to the application of suitable instruments in managing and controlling the operating business.

The risk management and surveillance system is successively adapted and geared to address new conditions, as the need arises. These modifications may result both from changes in underlying conditions and from changes to our business model.

In our estimation, there are currently no risks that would endanger the continuation of the Group as a going concern.

Rewards/risk profile linked to investment strategy

Our investment strategy is determinative for the rewards/risk profile of the Group. It was developed on the basis of the long and wide-ranging experience Deutsche Beteiligungs AG has in the private equity business and is regularly reviewed and optimised. Key principles in assessing new investments are:

- We exclusively invest in established companies with leading market positions and business models we are familiar with.
- An impairment loss on an individual investment must not endanger Deutsche Beteiligungs AG as a going concern.
- The portfolio structure takes the diversification principle into account; it is spread across various end-user markets, both in relation to products and regions.

We limit our investments to mature companies and thus avoid exposure to the typical risks linked to companies with unproven business models.

The development of individual investee businesses has a direct effect on the performance of the Company. Should an individual investment exhibit a negative business trend and its value be impaired, such developments must not lead to the Company itself being at risk as a going concern. To mitigate exposure to this risk, we principally limit the amount invested in any one investment. The acquisition cost should not exceed ten percent of the Company's equity at the time the investment is made.

Investing alongside co-investment funds enables us to acquire larger companies than we would be able to alone. This constitutes an advantage, since larger companies, in our opinion, generally carry a lower risk profile.

A diversified portfolio – both in terms of the number of investments and of industrial sectors – creates opportunities. Deutsche Beteiligungs AG primarily invests in manufacturing companies and in industrial service providers. The portfolio therefore contains a high proportion of investments in companies operating in the mechanical and industrial engineering sector (45.5 percent at the balance sheet date) and in industrial services (42.3 percent). Irrespective of the focus on a few core sectors, we endeavour to achieve a balanced and differentiated structure in terms of the portfolio companies' specific business models, products and markets.

The current recession necessitated follow-on financing for two portfolio companies. We cannot exclude this happening in other instances in the future again. In assessing additional funding needs, we apply the same criteria as we do for new investments. However, additional aspects may be relevant for the decision. For that reason, there may be a higher risk profile attached to follow-on funding.

Our investment strategy consists of further selection criteria that are suited to opening opportunities and limiting exposure to risk. This investment strategy is presented on pages 39 and 40.

Effective risk management through documentation and personal accountability

The basis of the risk management and surveillance system is a risk management manual, which, in our view, depicts and analyses all types of exposure to risk. In response, we have specified action to control and monitor these risks. This action is firmly embedded in the Group's organisational workflows. The monitoring, adaptation and optimisation of the risk management and surveillance system are the responsibility of a risk manager, who reports to the Board of Management. The results of ongoing risk surveillance are presented to the Board of Management in a quarterly risk management report.

The Board of Management is directly concerned with an appropriate evaluation of risks and opportunities and how they are addressed. It regularly reviews whether assessments have changed and which action is to be taken in response. Risks that emerge unexpectedly – for instance, from certain individual investments – must be reported immediately. Basically, a member of the Board of Management is assigned to every investment. This ensures that the Board of Management gains direct knowledge of any new important information on opportunities and risk exposure. The Board of Management comprehensively informs the Supervisory Board at least on a quarterly basis about the Company's risk exposure and that of its investee businesses. In the event of an unexpected and material change in the exposure to risk, the Supervisory Board is informed immediately.

Risk surveillance embedded in business processes

We ensure that the risk management system is integrated into the Company's routine workflows through organisational directives and the definition of certain processes. Additionally, there are numerous instruments and measures that we employ to monitor and manage specific entrepreneurial opportunities and risks.

Individual risks

- Extensive due diligence is central element in mitigating risk exposure
- Network and market focus warrant access to transaction opportunities
- Banks' restraint in granting loans unchanged

The principal rewards and risks inherent in the business of Deutsche Beteiligungs AG and how they are addressed are described in the following.

Economic and industry-related cycles: Exploiting opportunities and reducing risk exposure through a highly selective investment process

The performance of our investments is influenced by a variety of market factors. These include geographical and industry-related economic cycles, political and financial scenarios as well as commodity prices and currency rate trends. The performance of our portfolio companies – specifically, their earnings and financial position – determines the development of the investments' fair value which, in turn, has a direct impact on the Group's earnings and financial position. Additionally, conditions on capital and finance markets are mirrored in the measurement of the fair value of our portfolio companies.

These market factors sometimes change at very short notice, and the Company's ability to address them may, of course, be limited. Success in private equity, however, is not measurable by short-term results; it is the long-term performance that counts. The holding periods for investments generally extend beyond the time-spans of individual cyclical phases.

We aim to address the rewards and risks involved in economic cycles through a careful selection of portfolio companies. This selection is basically determined by our investment strategy. However, our investment decisions are also driven by other specific considerations – not least by the purchase price for new investments, which must hold out prospects of achieving returns on the investment that are commensurate with the risk involved. We chiefly invest in companies with outstanding market positions, whose business models or product portfolios are not exclusively geared to cyclically-related growth. Experience shows that such companies are generally more resilient across economic cycles than less well-positioned competitors.

Based on the international diversification of most portfolio companies' businesses and the different geographical focuses of their operations, specific country-related economic trends should, as a rule, not materially impact the value development of the total portfolio. However, in times of massive, global downturns, as we experienced in the reporting period, negative impacts on individual portfolio companies and their valuation in the portfolio may be unavoidable.

The private equity market and access to investment opportunities (deal flow): Market expertise and strong network generate opportunities

Deutsche Beteiligungs AG requires access to new investment opportunities for its performance. Only through a sufficient stream of attractive opportunities as well as profitable realisations are we able to ensure the successful continuity of the Group's business model. However, we have no influence on the development of the private equity market. Correspondingly, our ability to minimise exposure to risk from a decline in the number of potential transactions is limited.

Our strategic target is to have early knowledge of potential transactions in German-speaking regions and to possess the resources and instruments to ensure a prospective high-quality deal flow. In light of its importance, this issue is the direct responsibility of a member of the Board of Management.

In seeking informational leads, the Company utilises existing contacts that stem from its long-standing market presence. It attaches great importance to cultivating its network, which has been built up over many years. The network consists of former investment partners, representatives of banks, consultants, attorneys, auditors and a circle of experienced industrial experts. Furthermore, we utilise the contacts generated by the Company's large investment team. Drawing from their own experience, the team members identify attractive investment opportunities in their respective industrial sectors. Through targeted public relations activity and the cultivation of our network, we aim to augment awareness of our services and strengthen our market presence.

This past financial year, the number of potential investment enquiries we received fell to 171 (previous year: 210), of which some 144 (previous year: 185) were initially followed up. In view of considerably higher risk exposure due to the uncertain economic environment and the persistent shortage of debt finance, attractive investment opportunities practically did not exist. The screening of potential investments therefore rarely reached advanced stages, unlike in previous years.

In our estimation, however, the market for mergers and acquisitions could brighten again. Buyers and vendors can currently better assess the consequences the financial and economic crisis has on the strategy, financial position and prospects of investment candidates. This could facilitate the decision-taking process for an MBO to a greater extent than was possible this past year. M&A activity, which picked up recently, could be indicative of an emerging uptrend. However, banks' readiness to fund buyouts is a requisite for the market to recover.

Value development of investments: Addressed through close monitoring and management co-investments

The strategy of Deutsche Beteiligungs AG is primarily focused on realising a value appreciation on its investments. Current income from these investments in the form of dividends, profit sharing and interest income is also an important source of earnings; its annual volume, however, is limited. Consequently, a key business-linked risk attaches to investee companies achieving their business objectives. Negative developments could lead to a total loss of the capital invested and possibly entail further adverse consequences, such as a loss of reputation.

We address these risks by a comprehensive set of risk monitoring instruments. These include working on projects in project teams consisting of a number of staff and in which a member of the Board of Management is always involved. We follow binding procedures during the acquisition, holding and realisation phases. These measures are aimed at ensuring professional, systematic processes. They are designed to set the platform for successful purchasing and selling decisions and for early identification and response to developments that may endanger the targeted value appreciation, or that may create opportunities for additional value growth.

During the acquisition phase only such investment projects are pursued as meet our investment strategy and other selection criteria. An exacting due diligence investigation, which may include calling in external consultants, precedes every purchase decision. By this, we aim to identify the rewards and risks inherent in an investment decision. We endeavour to limit, redeploy or otherwise mitigate exposure to risk. This is achieved, for instance, through the appropriate formulation of contract terms, guarantee agreements or insurances.

Investments are usually financed through equity and bank loans. Beyond that, additional funding sources such as mezzanine capital and vendor loans may be used. The structuring of the financing is a key component in the acquisition phase, in which all findings gained in the due diligence process and in developing the corporate concept are considered.

In every transaction, Deutsche Beteiligungs AG attaches importance to a stable financing structure with practicable debt levels that leave scope for the company to develop as projected and to service its debt. The financing should contain sufficient reserves in the event of the company failing to meet its development objectives. To that end, we compile detailed model calculations that take these requirements into account as early as the acquisition phase.

During the development phase, meaning the holding period, the members of the investment team support the managements of our portfolio companies. The support is rendered by taking offices on supervisory boards or advisory councils as well as by regular communication with the responsible management teams. The data is analysed through specified controlling procedures. These include its documentation in a controlling system. The investment controlling unit analyses the data independently. We review and discuss projects based on quarterly reports. We discuss events and developments of topical importance in meetings of the Board of Management and in the investment team's project meetings.

The foundations for profitable exits are laid as early as the investing phase. We will only enter into investments where sufficient buying interest on the part of trade buyers or financial investors can be expected, or prospective eligibility as a flotation candidate exists. In the quarterly reviews of the performance of portfolio companies, exit opportunities are regularly discussed.

The risk management instruments currently employed are, in our opinion, suited to ensure early identification of possible negative developments in portfolio companies, thus allowing for any necessary counteraction to be taken. Concurrently, these enable us to make use of opportunities that contribute towards optimising the performance of investments.

Fund-raising and loan procurement: Track record a fundamental requirement for future co-investment funds

For decades, Deutsche Beteiligungs AG has been managing co-investment funds that invest alongside Deutsche Beteiligungs AG. Current fee income from the management of funds serves to cover a significant part of the Company's administration costs.

We will only be able to pursue our strategy in its present form in the long-term, if we succeed in soliciting capital commitments to new co-investment funds. A fundamental requirement for successfully raising such funds is the ability to boast a positive track record – meaning a record of accomplishments in private equity investments that have generated attractive returns for investors on the invested capital. Other prerequisites are the stability and experience of the investment team, staffed by members of the Management Board and select professionals, as well as pro-active relations with current and potential investors. Other influential factors are the overall economic environment, sentiment in the capital markets and the economic situation of typical private equity investors. We believe that the current financial and economic crisis will lead to a decline in available capital and therefore tend to make it more difficult to raise future funds.

Our current co-investing DBAG Fund V has capital commitments of 434 million euros. The investment period with a term of up to five years began in February 2007. Up to the time the economic crisis emerged in autumn 2008, four investments had been purchased. At present, the Company possesses a sufficient base to finance the equity share of its investments. For the near term, the availability of leveraged finance is therefore the only risk we can identify for the funding of our MBO investment projects. We currently assess the prospects of soliciting capital commitments for a follow-on fund to DBAG Fund V as being good. However, we are not in a position today to reliably forecast what the external environment will be towards the end of the investment period of DBAG Fund V.

International investors require a reliable taxation framework. Fundamental changes to tax legislation that would lead to taxes being imposed on foreign partners of German fund companies would have serious disadvantages for DBAG. International investors could, for instance, make private equity investments in Germany via competitors of Deutsche Beteiligungs AG who invest in Germany through foreign fund structures. Adverse taxation conditions could compel us to make radical structural changes, including a relocation of the Company's domicile.

Possible adverse taxation conditions could arise from an increase in the corporation tax burden for certain capital gains from the sale of, and dividends from, corporations, an issue which has been put forward by the German Ministry of Finance a number of times. The introduction of value-added tax on fee income for the management of co-investment funds has already tightened the taxation screw. It is possible, however, that this regulation, which does not correspond to European standards, might be repealed by the time we raise our next co-investment fund.

Deutsche Beteiligungs AG manages co-investment funds and receives management fees or an advance profit share for these services. These management services may be revoked. Exposure to risk stemming from the revocation of contractual relations is currently deemed to be very low. Rules governing the revocation of management authority for DBAG Fund V are presented in the Notes to the consolidated financial statements in section "Related party transactions".

Sufficient equity for investment

The main treasury activities ensue in conjunction with the purchase and sale of investments. In view of the many different influential factors, these transactions cannot be reliably foreseen. Despite the irregular payment flows which cannot be planned precisely, the aim of the Company's finance management is to have sufficient liquidity available at all times in order to effect its own finance share for investment opportunities. Should liquidity reserves exceed these finance needs – also with a view to longer-term aspects – that capital is returned to shareholders through dividend payments and share repurchases. To offset exposure to financing risks from irregular payment flows from sales and for investments, Deutsche Beteiligungs AG requires access to financial, credit and capital markets.

The Company has successfully completed several capital increases in the past. Continually addressing existing and potential investors as a core activity of its investor relations creates the basis for DBAG to access the capital market to generate additional equity, if necessary.

In light of the sizeable liquidity reserves of 124.0 million euros at the balance sheet date, there are currently no recognisable material risks arising from the funding of the Group.

The Company chiefly holds its liquid reserves in the form of government securities as well as in time deposits with banks, whose credit standing we consider to be good based on their ratings. In view of its sizeable cash position, the Company currently does not require credit facilities.

Financing remains serious bottleneck

We employ our own capital and the capital of our co-investment funds to finance investments. In conformity with the basic business model of a private equity investor, a further part of the transaction is financed by bank loans. To achieve commensurate returns on our investment projects, we require acquisition finance at acceptable terms. Borrowing requirements also include lines of credit for capital expenditures and for financing portfolio companies' business operations. Readiness on the part of banks to extend loan facilities depends on the economic environment and conditions in the credit markets; we have no influence on these.

We aim to have banks see us as professional, sound and dependable partners. We influence the readiness of banks to extend facilities through risk-conscious procedures in selecting and structuring investment projects. This includes focusing the investment strategy on established companies, whose operations have a comparatively low risk profile.

The financial market crisis and, in its aftermath, the recession have led to a marked decline in the readiness and capability on the part of banks to extend loans. This has had a massive impact on private equity transactions. The number of banks that provide acquisition finance in the mid-market segment has decreased. In the reporting period, loans were very rare and were extended – measured by earnings generated by the company to be financed – at much lower volumes, higher costs and more rigid covenants.

In view of the persistent short supply of debt finance, a higher proportion of own funds is required to finance acquisitions. This diminishes opportunities to achieve a return on the invested capital that is commensurate with the risk involved. Against this background, DBAG must weigh very precisely whether the value growth potential of a target company justifies an investment.

This restrictive funding policy adversely impacts our investment activity and may lead to projects being thwarted.

The bottleneck in the financing of acquisitions also affects DBAG in the event of a proposed disinvestment: Potential buyers, particularly financial investors, are equally confronted with current credit bottlenecks, impeding their investment activity.

The limited availability of borrowings may also tend to hinder the portfolio companies' operational and strategic development, since banks are also very hesitant in funding strategic expenditures and expanding working capital facilities. This affects the portfolio companies both directly and indirectly, for instance when clients cut down on capital expenditures or do not place orders for lack of funding.

We do not expect current conditions in the market for leveraged finance to last indefinitely and we assume they will normalise, as the tension in the financial markets lessens. However, we are not able make a reliable forecast on when the financial markets will normalise.

Currency and interest rate risk

For a discussion of currency and interest rate risks, please refer to Note 31 to the consolidated financial statements (Financial risk disclosures, pages 98 ff.).

Personnel: Attracting and retaining highly qualified staff through motivating work environment and monetary incentive systems

Performance in private equity is closely linked to the people acting on its behalf. This holds particularly true for the investment team – the staff directly involved in the purchase, development and sale of investments. But beyond that, other corporate sectors that support the investment business also require highly qualified and motivated staff. This ensues from the high degree of specialisation of our business and the small size of our organisation, to which every single individual makes an important contribution.

The Company boasts a very loyal staff. We currently see no risk of this changing. At the end of financial year 2008/2009, the staff (without apprentices) had an average of nine years of service; the investment team members have been with the Company for an average of eight years.

Operational risk: Optimisation of organisational procedures

Operational risk involves risks that may impair the due and proper processing of administrative transactions. Operational risk plays a subordinate role in the private equity business in view of the relatively low number of administrative transactions, the relatively small number of staff and the involvement of several employees in larger transactions. The Company avoids exposure to operational risk through appropriate organisational procedures. For instance, our liquidity management requires larger drawdowns to be made jointly by two members of the Board of Management, up to a specified base liquidity limit.

Other operational risks relate to corporate sectors that are of a supportive nature for the private equity business. These include the organisational units of finance, human resources, legal, organisation/IT and public relations/investor relations. Deutsche Beteiligungs AG ensures proper organisational workflows in these corporate sectors through a sufficient number of qualified staff and the provision of suitable equipment and financial resources.

Our business not only requires suitable software and hardware. A particular aspect is data security, the assurance that authorised persons can access data at any time, and protection against unauthorised data access. Deutsche Beteiligungs AG has qualified specialists in its IT unit who are supported by external consultants, if necessary. In addition to standard software for the organisation of our office communication, we employ further applications for special purposes in our workflows, such as accounting, investment controlling and customer relations management (CRM). If there is no suitable software available in the market, Deutsche Beteiligungs AG uses software specially developed for its requirements. The software we use is continually updated and upgraded. Data is saved by daily back-ups and additionally secured data archiving. Permanent access is warranted by redundant server structures. The infrastructure is protected against external unauthorised access by a firewall, which is also continuously updated. Based on the measures in place, the Company believes that there are no risks in the IT area that would endanger operations.

Neither was there any recognisable exposure to operational risk in other corporate sectors in the past financial year. The Company does not expect this to change in the future.

General statement on risk exposure: Group currently not endangered as a going concern

In the estimation of the Board of Management of Deutsche Beteiligungs AG, individual or cumulative risks do not currently endanger the Group as a going concern. This estimation is based on the analysis and assessment of the material individual risks to which the Company is exposed, as well as the installed risk management system discussed above. The risk situation can presently be judged as satisfactory.

General statutory information

Remuneration report

- Remuneration orientated around legal provisions and common practice in the industry
- Remuneration components commensurately balanced

Remuneration geared to assignment, personal and company performance

Pursuant to the German Act on the Appropriateness of Management Board Compensation (VorstAG), the Supervisory Board as a whole decides on the remuneration framework, including fringe, pension, dependant survivors' and similar benefits, for the Board of Management. The Supervisory Board discussed the framework in autumn 2009 in conjunction with the renewal of a contract. The Supervisory Board retained the services of an external remuneration expert who is independent of the Board of Management and the Supervisory Board to assess the appropriateness of the compensation.

Total remuneration of the members of the Board of Management consists of the following components:

- a fixed annual salary,
- a variable annual bonus,
- profit share awards as components with a long-term incentive effect,
- non-cash components, and
- pension benefits.

Criteria for the appropriateness of remuneration levels are, in particular, the sphere of responsibilities of the respective Board of Management member, his personal performance, and the financial position, performance and prospects of Deutsche Beteiligungs AG. To that end, the structure and level of schemes common to the private equity industry, and which are required to attract and retain qualified key personnel, are also considered.

The members of the Board of Management receive no emoluments for offices held in subsidiaries. No change-of-control clauses have been laid down in the appointment contracts of the members of the Board of Management. A severance pay cap – as recommended in the 'German Corporate Governance Code', amended 2007 – has already been written into an appointment contract prolongation. No advances or loans have been granted to Board of Management members.

Components not linked to performance consist of the annual salary paid on a monthly basis and non-cash emoluments. Non-cash emoluments largely pertain to the tax basis applicable for the use of a company car. They amount to T€25 for Mr von Hodenberg, T€19 for Mr Grede, T€24 for Mr Mangin, and T€15 for Dr Scheffels.

Bonus as a performance-related component

An annual variable bonus rewards the current performance of Deutsche Beteiligungs AG and the personal performance of the respective Board of Management member. Personal performance is measured based on annual objectives and in consideration of market conditions. Corporate performance is derived from an overall consideration of the accomplishments. These include, for instance, the value growth of individual portfolio companies, realisations from the portfolio, the number and quality of new investments, as well as the performance of the shares in Deutsche Beteiligungs AG. The Supervisory Board will no longer gear bonus payments based on contracts concluded or prolonged after the effective date of the German Act on the Appropriateness of Management Board Compensation to the Company's current performance, but to a measurement base of a number of years, in accordance with the provisions of the Act.

Bonus payments must principally not exceed fixed base salaries. In its meeting on 10 December 2009, the Supervisory Board fixed the amount of the bonus payment for financial year 2008/2009. The bonus will be paid following the adoption of the financial statements and approval of the consolidated financial statements of DBAG for financial year 2008/2009.

Components with **long-term incentive effects** comprise two performance share schemes offering Board of Management members an opportunity to share in the investment performance of Deutsche Beteiligungs AG.

Allowing investment teams to share in the performance of investments is a standard element with long-term effects in the private equity industry. To that end, the focus is commonly not on the performance of a single investment. Rather, the profit effects of a pool of investments made over a specific investment period are considered. Thus, this procedure also reflects downside developments. Based on these principles, the members of the Board of Management participate in the annual performance of investments to which the Company had committed up to 31 December 2000, as well as the pool of investments entered into from 2001 to 2006. Both profit share schemes are exclusively geared to realised profits. An investment's profitability will generally only be determinable at its ultimate sale after a holding period of several years. Short-term profits that solely stem from fair value changes through the consolidated profit and loss account are not considered. Thus, there is no incentive to achieve short-term valuation gains that may not be realisable at a later sale.

The profit share scheme for investments up to the year 2000 is calculated based on the extent to which an annual return on equity of 15 percent is exceeded before taxes and bonuses. The computation base of the equity relates exclusively to investments included in the profit share scheme, which chiefly consist of the investments in Homag Group AG (that part invested prior to 2007), Grohmann GmbH and the Vogler group. With the divestment of these older portfolio companies, this profit share scheme will decline in importance. For financial year 2008/2009, there were no payments under this scheme, whereas this compensation component totalled T€33 the previous year.

The profit share scheme installed for investments made from 2001 to 2006 is current practice in the private equity industry. Profit shares are awarded beginning at a minimum return on the investments of eight percent annually after calculatory costs and are exclusively paid from realised profits. The sum attributable to members of the Board of Management under this profit share scheme totals T€1,416 for financial year 2008/2009 (previous year: T€395). Two thirds of these entitlements are paid after the close of a financial year. Entitlement to the remaining one third is subject to a final review after the disinvestment phase of all investments involved has been completed, and is paid in the amount of the remaining final entitlement.

Performance-related components will no longer be awarded for investments entered into since 2007 – i.e., the commencement of the investment period of DBAG Fund V – and those that will be made in the future. The members of the Board of Management share in the performance of these investments through a private co-investment. This co-investment is detailed in Note 35 to the consolidated financial statements 'Information based on IAS 24. Participation in carried interest schemes by key management staff'.

The remuneration of the Board of Management in financial year 2008/2009 totalled 4.4 million euros, which is disseminated over the individual components as follows:

Pension arrangements: two models

Pension arrangements for members of the Board of Management are based on two models. Pension arrangements for Mr von Hodenberg and Mr Grede provide for defined annual pension benefits; they amount to T€180 for Mr von Hodenberg (previous year: T€167) and T€87 for Mr Grede. Mr Mangin and Dr Scheffels participate in a contribution plan that is also applicable to other staff of Deutsche Beteiligungs AG; for each year of service, participants are entitled to a pension contribution that is measured by a percentage of the total compensation paid for that year. The annual pension contribution consists of a one-time payment of 0.75 percent of the total compensation, and six percent on those parts of the emoluments exceeding the income threshold set by the state pension scheme, each multiplied by an age factor that diminishes with increasing age. The inclusion of variable components is limited to 1.5 times the fixed salary.

In financial year 2008/2009, the service cost for pension commitments to members of the Board of Management amounted to T€237 (previous year: T€263). Due to an increase in the annual pension benefits for one member of the Board of Management, past service cost of T€122 was required to be recognised. The present value of defined benefit obligations for Board of Management members was 2.9 million euros at 31 October 2009 (previous year: 1.7 million euros).

	Components not linked to performance		Performance-related components		Components with long-term incentive effects		Total	
T€	2008/2009	2007/2008	2008/2009	2007/2008	2008/2009	2007/2008	2008/2009	2007/2008
Wilken von Hodenberg	525	531	305	250	442	234	1,272	1,015
Torsten Grede	519	524	305	250	442	239	1,266	1,012
André Mangin	424	425	244	200	266	173	933	798
Dr Rolf Scheffels	415	417	244	200	266	189	925	807
Total	**1,883**	**1,897**	**1,098**	**900**	**1,416**	**835**	**4,396**	**3,632**

This past financial year, the sum of 0.7 million euros (previous year: 1.7 million euros) was paid to **former Board of Management members** or their surviving dependents.

The present value of pension obligations to former Board of Management members or surviving dependents totalled 10.9 million euros (previous year: 9.7 million euros) at the balance sheet date.

Supervisory Board compensation: no performance-related components for 2008/2009

The remuneration for members of the Supervisory Board is determined by shareholders at the Annual Meeting. It consists of three components: an annual fixed fee of 30,000 euros, bonuses for the Chairmanship, Vice Chairmanship and Committee membership and a performance-related component geared to the increase in net asset value per share within a specific financial year.

The Chairman of the Supervisory Board receives a maximum of twice the basic fixed fee, irrespective of his membership on various Committees. The Vice Chairman of the Supervisory Board and the Chairman of the Audit Committee receive a maximum of one and a half times the basic fixed fee. Membership on the Executive Committee is compensated by one quarter of the basic fixed fee.

The performance-related component falls due if the net asset value per share has increased by more than twelve percent on the preceding year. It amounts to 1,500 euros for each full percentage point by which the increase exceeds twelve percent. The maximum amount of the performance-related component is 30,000 euros for each member of the Supervisory Board. Since net asset value per share grew by less than twelve percent, no performance-related fee will be paid for financial year 2008/2009.

Remuneration paid to members of the Supervisory Board totalled T€248 in 2008/2009, which is equal to that paid the previous year. It was distributed as follows:

T€	Fixed fee	Bonus	Total
Andrew Richards (Chairman)	30	30	60
Professor Dr h. c. Rolf-Dieter Leister (Deputy Chairman)	30	15	45
Dr Hans-Peter Binder	30	8	38
Dr Hariolf Kottmann	30		30
Professor Dr Günther Langenbucher	30	15	45
Dr Herbert Meyer	30		30
Total	**180**	**68**	**248**

In 2008/2009, Professor Dr h. c. Rolf-Dieter Leister/Infra Beratung GmbH received fees of approximately 0.10 million euros (net, previous year: 0.12 million euros) for consultancy services.

Disclosures and commentary consistent with § 315 (4) German Commercial Code ('HGB')

The share capital of Deutsche Beteiligungs AG amounted to 48,533,334.20 euros at 31 October 2009. It is denominated into 13,676,359 no-par value bearer shares. Arithmetically, the capital attributable to each share is approximately 3.55 euros. Various classes of shares do not exist. There are no shares carrying special rights.

The Board of Management knows of no restrictions relating to voting rights or the vesting of shares. There was one notification of an interest amounting to 10.57 percent of the voting shares that is directly or indirectly attributable to Mr Dirk Rossmann. Insofar as employee shares were issued, employees directly exercise their control rights.

In accordance with the Articles of Association of Deutsche Beteiligungs AG, the Board of Management consists of at least two individuals. Its actual number is determined by the Supervisory

Board, who, pursuant to § 84 (1) German Stock Corporation Act (Aktiengesetz – AktG) appoints the members of the Board of Management for a maximum period of five years. In accordance with the Articles of Association, the Supervisory Board may exempt all or individual members of the Board of Management, in general or in individual cases, from the restrictions in § 181 German Civil Code (Bundesgesetzbuch – BGB). To date, no use has been made of these provisions. Based on § 84 (3) German Stock Corporation Act, the revocation of an appointment is only admissible for reasonable cause.

Pursuant to § 179 (2) German Stock Corporation Act, an amendment to the Articles of Association may be adopted by a simple majority of votes and a simple majority of the share capital represented at the time the resolution is made, insofar as the law does not compulsorily provide otherwise. The Supervisory Board may adopt amendments to the Articles of Association that relate merely to the wording.

At the 2008 Annual Meeting on 14 March 2008, the Board of Management was authorised, in accordance with § 71 (1) No. 8 German Stock Corporation Act, to purchase own shares of up to ten percent of the share capital up to and including 13 September 2009. Following cancellation of this authorisation, the Board of Management was again authorised at the last Annual Meeting on 26 March 2009 to purchase own shares of up to ten percent of the then issued share capital for purposes other than trading in own shares up to and including 25 September 2010. Similar to the preceding authorisation, the Board of Management may choose to acquire shares via the stock exchange or via a tender offer to all shareholders or an invitation to submit such a tender. Moreover, the Board of Management may choose, under certain conditions named in the authorisation, to purchase shares with the exclusion of shareholders' pre-emptive tender rights by ways other than via the stock exchange or via a tender offer to all shareholders or an invitation to submit such a tender.

The Board of Management is authorised, subject to consent by the Supervisory Board, to resell own shares or use them as consideration for third parties in conjunction with corporate acquisitions or mergers or acquisitions of investments in enterprises under suspension of shareholders' pre-emptive rights in other ways than via the stock exchange or by a public offer to all shareholders.

Furthermore, the Board of Management is authorised, subject to consent by the Supervisory Board, to retire and cancel own shares acquired, wholly or in part, without the cancellation or execution thereof requiring a further resolution by the Annual Meeting of Shareholders. The cancellation effects a reduction in the share capital, insofar as the Board of Management decides not to reduce the share capital, thereby raising the proportional amount of the share capital attributable to the remaining shares, in accordance with § 8 (3) German Stock Corporation Act. In this event, the Board of Management is authorised to adapt the reference to the number of shares in the Articles of Association.

In the reporting year, the Board of Management did not make use of either programme.

Use of measurement options and discretionary scope as well as grooming transactions

- Financial assets uniformly measured at fair value
- Balance sheet contraction by separating out pension commitments

All financial assets are uniformly measured at fair value. That also applies to interests in associated companies, which have been allocated to the category of financial assets at fair value through profit and loss. Based on the allocation to this category, these are required to be carried at fair value instead of the usually applicable equity method.

The fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The fair value therefore comes close to the enterprise values negotiated by Deutsche Beteiligungs AG when purchasing or selling investments. The fair value for all our investments is measured by our internal valuation guidelines. The fair value provides investors with qualified information with which to assess the Company's business position.

Compared with the equity method, fair value recognition may lead to greater fluctuations in valuations and in the net result of investment activity, since, in addition to the investee businesses' earnings development and other factors, valuation changes in the capital markets are also considered.

Since financial year 2004/2005, Deutsche Beteiligungs AG has funded pension benefit entitlements, the present value of which was 18.5 million euros at 31 October 2009, by contributions to plan assets through a bilateral contractual trust arrangement. In the accounts, the present value of pension entitlements is netted against the fair value of plan assets managed externally by a bank and unrealised actuarial losses. At 31 October 2009, the net amount was 0.089 million euros; since plan assets exceed obligations, the net amount represents an asset. This procedure leads to a balance sheet contraction.

The differences between the expected trend and actual development of benefit entitlements and the fair value of plan assets result in actuarial gains and losses. These are recognised in the balance sheet without effects on income, insofar as they are less than ten percent of the higher amount arising from the obligation and the fair value of plan assets. Actuarial gains and losses that fall outside a range of ten percent are disseminated through profit and loss over the average remaining service period (corridor method). At 31 October 2009, actuarial gains/losses not recognised in income amounted to 2.2 million euros.

Report on expected developments

- Financial and economic crisis will not change the DBAG business model
- Need for private equity to grow; financing conditions to change
- General economy and relevant industries expected to grow moderately
- High liquidity reserves provide scope to take advantage of investment opportunities
- Return target remains unchanged

Objectives unchanged: value appreciation and realisation of value growth

We intend to further pursue and develop our proven business model. We plan to make new investments, and will focus on building value in existing investee businesses and realising that value growth upon an investment's ultimate sale. To that end, we will draw on our experience and our proven approaches to developing portfolio companies. In our investment policy, we will continue to concentrate on German-speaking regions.

Performance based on long-term development

The business operations of Deutsche Beteiligungs AG are of a long-term nature. The results of individual financial years only conditionally reflect the long-term performance of our investing activity. The consolidated result for a financial year is frequently influenced by events or trends that were not precisely predictable at the onset of the year. These include events such as transaction opportunities in our sector of the market, or unforeseeable developments in specific markets or the capital market. The success of an investment can generally only be judged after four to seven years upon its ultimate sale. This report on expected developments therefore covers a period of five years.

Market: private equity business will recover and competition for attractive investments remain intense

The long-term growth trend in the private equity business experienced a serious setback through the financial and economic crisis. 2009 saw significantly fewer transactions compared with previous years, both in number and value. There were several reasons for the strong decline: The situation of many companies had deteriorated and led to restraint on the part of potential vendors, causing the stream of potential target companies to recede. Great uncertainty about the direction the economy would take also impeded transaction activity. The negative trend was massively amplified by the shortage of acquisition funding.

We estimate that, at least for the mid-term, the demand for private equity will noticeably rise. Many things speak for that: The recession has weakened the financial position of many companies; as banks continue their restrictive lending policy, these companies will need to strengthen their equity base. The emerging economic consolidation will facilitate evaluating investment projects. This should basically boost both buyers and vendors' readiness for transactions. Major growth drivers that propelled the private equity business would then take hold again: Large corporations will want to optimise their strategic alignment, and we assume that additional adaptation needs will become apparent in the wake of the current crisis. A number of corporations will presumably want to part with non-core activities or will be compelled to for financial reasons. Family-run companies will again seek private equity in the future to fund further growth or sell their companies to settle the succession issue.

Capital commitments to private equity funds reached record highs until 2007. A large part of this funding has not yet been invested. Competition for attractive investment opportunities will therefore remain intense in the coming years. Deutsche Beteiligungs AG is well placed to succeed in that competitive field and share in the market's available potential.

Proportion of debt finance for investments lower than before the crisis

Leveraged finance for acquisitions has been strongly limited since the onset of the financial and economic crisis. We cannot foresee what the policy of banks will be in the coming five years – the period covered by this report. However, we anticipate that, even if banks' readiness to extend debt finance should rise in the mid-range, terms will become more rigid. This will increase credit costs, and the portion to be equity-financed will rise. Consequently, returns on investments will tend to recede. Nevertheless, the returns inherent in the private equity business will, in our opinion, remain attractive – particularly for financial investors who, as we do, generate the returns on their investments not by comparatively high debt levels, but by the value growth of their portfolio companies.

Asset class of private equity will prevail

We expect that the asset class of private equity will take further root in Germany. The current crisis in the financial and capital markets has also affected institutional investors who traditionally invest in private equity. A number of investor groups will therefore need to reconsider their investment decisions, others will want to expand their investment commitments. From today's point of view, we expect that we will be able to raise at least an equal amount of capital for our next co-investment fund and that capital commitments to our current funds will be fulfilled.

Confidence based on firm market position

On a platform of long-standing market presence, an outstanding track record and the expertise of our investment team, we expect to be able to successfully conduct our business even under changed market conditions and maintain our strong position as one of the largest private equity companies in our segment of the market. We will continue to adhere to our objective of achieving earnings in excess of the cost of equity on the long-term average. Our very high cash resources following profitable sales are mostly parked in secure, but low interest-bearing government bonds, which makes it more difficult to reach our return target. However, we are confident that the number of attractive investment opportunities will rise in the coming years and bring us closer to that target.

Moderate economic recovery expected

One year after its outbreak, the deep financial and economic crisis seems to have bottomed out, and signs of an economic recovery are emerging. However, the underlying problems in the financial and credit markets have by no means been overcome. Government support programmes are slated to end, and it remains to be seen what effects this will have. According to the German Council of Economic Experts, exports will pick up again, but only deliver a moderate contribution in support of business recovery.[21] The relief that came from falling commodity prices during the crisis could possibly turn into the opposite.

Due to the drastic rise in public debt and persistent fundamental distortions in the financial markets, general economic development will presumably remain impeded for the mid-term. To safeguard monetary stability, the central banks of the OECD countries may sooner or later need to raise interest rates and reduce the liquidity that was injected into the markets.

We have geared our expectations on the assumption that economic growth will remain moderate in the period covered by this report.

Portfolio companies will require time to overcome the effects of the economic crisis

The financial and economic crisis has impeded the progress of many portfolio companies. This applies in particular to the investee businesses operating in mechanical and industrial engineering as well as those dependent on the automotive industry.

Our portfolio companies promptly responded to the crisis and have taken the necessary counteraction. In view of the gravity of the current recession, adaptation processes have not yet been completed in most instances.

Our experience is that companies with a leadership position in the market – such as those in which we have invested – will tend to emerge stronger from a crisis. In the described scenario of a moderate economic uptrend over the period covered by this report, most portfolio companies should therefore be capable of again achieving healthy earnings in the mid-term.

Moderately positive business development expected for portfolio companies

It is not possible to foresee exactly when and to what extent the valuation-related performance data – meaning earnings and debt – will improve. However, given stable valuation ratios in the capital markets, we are confident that the value of the portfolio, including proceeds from realisations, will grow within the period of this report.

Expected development: In total, positive result from investing activity over forecast period

The net result from investing activity is the item that has the greatest weight for the Company's results. In light of the estimation discussed above, we anticipate that Deutsche Beteiligungs AG will post a positive net result from investing activity on average over the next five financial years.

We are not in a position to quantify the result – for a number of reasons. Reliably predicting the general economic trend over the forecast period, and – by inference – the development of the portfolio companies, requires a stable, market-verified database. Such a database is not available. Quantifying the result would also require predicting the capital market trend and future additions to and releases from the portfolio. It is not possible to reliably assess these influential factors.

Current personnel expenses will rise, given the moderate increase in the number of staff planned over the forecast period. Performance-related salary components will primarily depend on realisation profits.

Management fees from co-investment funds are a dominant factor in other operating income. Sales of companies in the portfolio of co-investment funds whose investment period has been completed cause management fees to decline. By contrast, raising new co-investment funds results in an increase in fee income. The manner in which management fee income will develop on average over the forecast period therefore depends on the time spans involved in realising investments and in raising new funds.

[21] Source: "Securing the future through responsible economic policies" – Annual Report 2009/2010, The German Council of Economic Experts, Wiesbaden (November 2009), pages 62-64

Further items in other operating expense relate to current operating costs. These expense items are expected to rise moderately, depending on the extent to which the Company's business activities expand.

Interest income netted against interest expense will decrease over the forecast period along with the reduction in the Company's sizeable liquidity reserves.

In total, the Company expects to achieve positive consolidated results on average over the coming five-year period.

Sufficient liquidity for new investment

From today's point of view, Deutsche Beteiligungs AG intends to principally maintain its investment strategy. However, this does not exclude adapting it to changed market conditions. We aim to make two to three new acquisitions each financial year. As the portfolio companies develop, we expect to achieve a comparable number of realisations on average over these financial years. Since the success of acquisitions and realisations of investments is greatly dependent on prevailing conditions that cannot be reliably predicted, purchases or sales may predominate at certain points within the forecast period.

Cash flows from investing activities, or payments for portfolio investments netted again proceeds from disposals of investments, are the key source for the generation of cash from the operating business. If acquisitions should predominate at a certain time during the term of this forecast, cash flows from investing activities may be negative in that period. In that event, the Company would be able to fall back on abundant liquidity reserves. If necessary, the Company could procure funding by raising loans or equity capital via the capital market. This, however, requires that suitable conditions prevail in the financial and capital markets.

Liquidity reserves will presumably decline

Following the profitable realisations achieved in the preceding financial years, the Company has a sizeable liquidity position, which, including investments in short-dated securities, totals 124.0 million euros. This liquidity gives us scope over the forecast period, during which debt finance for acquisitions will presumably be difficult to raise. We intend to pursue investment opportunities that we consider attractive and invest a large part of our liquidity in promising companies. Consequently, we expect the liquidity position to decline over the term of this forecast.

General forecast: Good basis on which to achieve return target

Deutsche Beteiligungs AG is well equipped for the coming years: The Company is a firmly established, successful participant in the private equity market. Many things seem to indicate that there will be a growing need for private equity. We therefore expect the private equity market to recover from the consequences of the financial and economic crisis and gain in importance. Deutsche Beteiligungs AG possesses an attractive investment portfolio with promising potential despite the persistent challenges, substantial liquidity reserves, and an experienced, highly motivated staff. That gives the Company an outstanding platform for its long-term progress, irrespective of current challenges.

Despite the changed environment for debt finance, we firmly believe our business model is intact. The private equity business, driven by huge streams of liquidity in recent years, will adapt to the new conditions. In the future, achieving attractive returns will be linked more strongly to augmenting the profitability of portfolio companies. This is conducive to our investment approach, which is targeted at value growth.

Considering the developments that are foreseeable in the short-term and to be expected in the mid-term, the Board of Management anticipates that, in total, Deutsche Beteiligungs AG will generate a positive result over the current and the next four financial years and achieve an average return on equity at a rate that exceeds the cost of equity.

Frankfurt am Main, December 2009

The Board of Management

Consolidated financial statements

Consolidated income statement

for the period from 1 November 2008 to 31 October 2009

T€	Notes	1 Nov. 2008 to 31 Oct. 2009	1 Nov. 2007 to 31 Oct. 2008
Net result of investment activity			
Net result of valuation and disposal of financial assets and loans and receivables	7	29,822	(60,970)
Current income from financial assets and loans and receivables	8	1,936	7,567
Total net result of investment activity		**31,758**	**(53,403)**
Other income/expense			
Personnel costs	9	13,425	12,037
Other operating income	10	14,136	16,905
Other operating expense	11	10,945	11,634
Depreciation and amortisation on property, plant and equipment and intangible assets	15	1,112	326
Interest income	12	2,376	5,209
Interest expense	13	410	18
Total other income/expense		**(9,380)**	**(1,901)**
Net income before taxes		**22,378**	**(55,304)**
Income taxes	14	(293)	165
Net income after taxes		**22,671**	**(55,469)**
Minority interest	25	(3,024)	4,352
Consolidated profit/(loss)		**19,647**	**(51,117)**
Earnings/(loss) per share in euros	32	1.44	(3.73)
Diluted earnings/(loss) per share in euros	32	1.44	(3.73)
Carryover to consolidated retained profit			
Consolidated profit/(loss)		**19,647**	**(51,117)**
Profit carried forward from previous year		29,230	118,214
Dividends	24	(5,471)	(47,867)
Withdrawals from other revenue reserves	24	9,234	27,033
Expenses for retirement of shares	24	0	(17,033)
Consolidated retained profit		**52,640**	**29,230**

Consolidated cash flow statement

for the period from 1 November 2008 to 31 October 2009

Inflows (+) / Outflows (-)

T€	Notes	1 Nov. 2008 to 31 Oct. 2009	1 Nov. 2007 to 31 Oct. 2008
Consolidated profit/(loss)		19,647	(51,117)
Valuation gains (-) / losses (+) on financial assets and loans and receivables, depreciation and amortisation on property, plant and equipment and intangible assets	7, 15, 16, 17	(10,324)	58,204
Gains (-) / losses (+) from disposals of non-current assets	7	(17,509)	2,225
Increase (+) / decrease (-) in non-current liabilities	22, 25, 26, 27	2,113	(6,792)
Increase (-) / decrease (+) in income tax assets, increase (+) / decrease (-) in tax provisions	22	(2,806)	7,300
Increase (-) / decrease (+) in other assets (netted)	18, 19, 21, 22, 23	2,817	701
Increase (+) / decrease (-) in other liabilities (netted)	26, 28	2,541	(7,529)
Cash flows from operating activities		**(3,521)**	**2,992**
Proceeds from disposals of property, plant and equipment and intangible assets	15	0	1
Purchase of property, plant and equipment and intangible assets	15	(984)	(7,470)
Proceeds from disposals of financial assets and loans and receivables	7, 16, 17	33,048	25,697
Acquisition of non-current financial assets and investments in loans and receivables	7, 16, 17	(4,287)	(14,461)
Increase (-) / decrease (+) in long and short-term securities	20, 30	(4,070)	(69,164)
Cash flows from investing activities		**23,707**	**(65,397)**
Payments for share repurchases	24	0	(9,421)
Payments to shareholders (dividends)	24	(5,471)	(47,867)
Cash flows from financing activities		**(5,471)**	**(57,288)**
Change in cash funds from cash-relevant transactions		14,715	(119,693)
Cash funds at beginning of period	30	36,072	155,765
Cash funds at end of period	30	50,787	36,072

Consolidated balance sheet

at 31 October 2009

Assets

T€	Notes	31 October 2009	31 October 2008
Non-current assets			
Intangible assets	15	25	39
Property, plant and equipment	15	8,019	8,133
Financial assets	16	137,242	138,333
Loans and receivables	17	1,306	31
Long-term securities	20	14,487	0
Other non-current assets	18, 27	2,294	617
Total non-current assets		**163,373**	**147,153**
Current assets			
Receivables	19	3,486	3,705
Short-term securities	20	58,747	69,164
Other financial instruments	21	169	22
Income tax assets	22	8,780	6,564
Cash and cash equivalents		50,787	36,072
Other current assets	23	5,160	9,582
Total current assets		**127,129**	**125,109**
Total assets		**290,502**	**272,262**

Shareholders' equity and liabilities

T€	Notes	31 October 2009	31 October 2008
Shareholders' equity	24		
Subscribed capital		48,533	48,533
Capital reserve		141,394	141,426
Retained earnings		16,399	25,633
Consolidated retained profit		52,640	29,230
Total shareholders' equity		**258,966**	**244,822**
Liabilities			
Non-current liabilities			
Minority interest	25	12,288	9,297
Other provisions	26	0	914
Deferred tax liabilities	22	118	82
Total non-current liabilities		**12,406**	**10,293**
Current liabilities			
Other current liabilities	28	2,458	2,595
Tax provisions	22	3,533	4,123
Other provisions	26	13,139	10,429
Total current liabilities		**19,130**	**17,147**
Total liabilities		**31,536**	**27,440**
Total shareholders' equity and liabilities		**290,502**	**272,262**

Consolidated statement of change in shareholders' equity

T€	Notes	2008/2009	2007/2008
Subscribed capital			
At start and end of year		48,533	48,533
Capital reserve			
At start of year		141,426	141,791
Share-based payments	35	1	42
Share-based payments (stock options exercised)	35	(33)	(407)
At end of year		**141,394**	**141,426**
Retained earnings			
Legal reserve			
At start and end of year		403	403
First adoption IFRS			
At start and end of year		15,996	15,996
Other retained earnings			
At start of year		9,234	28,655
Share repurchases		0	(9,421)
Withdrawals from other revenue reserves	24	(9,234)	(10,000)
At end of year		0	9,234
Retained earnings at end of year		**16,399**	**25,633**
Consolidated retained profit			
At start of year		29,230	118,214
Dividends	24	(5,471)	(47,867)
Consolidated profit/(loss)		19,647	(51,117)
Withdrawals from other revenue reserves	24	9,234	10,000
At end of year		**52,640**	**29,230**
Total equity		**258,966**	**244,822**

Notes to the consolidated financial statements

for financial year 2008/2009

General information

| 1. Principal activity

Deutsche Beteiligungs AG provides equity and financial instruments of a similar nature to established medium-sized companies. The Company essentially generates its income by appreciating the value of its investments. The subsidiaries of the Group pursue the same business activities or provide supporting services.

Deutsche Beteiligungs AG is domiciled at Kleine Wiesenau 1 in 60323 Frankfurt am Main, Federal Republic of Germany.

| 2. Basis of preparation

Deutsche Beteiligungs AG has prepared these consolidated financial statements at 31 October 2009 in conformity with the International Financial Reporting Standards (IFRS) as adopted by the European Union. Additionally, the commercial law requirements stipulated in § 315a (1) of the German Commercial Code (HGB) have been accounted for.

The consolidated financial statements fairly present the asset, financial and earnings position as well as cash flows. To that end, the information contained herein constitutes a faithful representation of the effects of transactions, other events and conditions in conformity with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the IFRS framework.

On 17 December 2009, the Board of Management of Deutsche Beteiligungs AG authorised the consolidated financial statements for issue to the Supervisory Board, whose duty it is to review and declare whether it approves them.

The income statement was prepared based on the nature of expense method. These consolidated financial statements have been drawn up in euros. Except when stated otherwise, all amounts are presented in thousands of euros (T€).

| 3. Voluntary early application of IFRS rules

In the consolidated financial statements at 31 October 2009, no use was made of voluntary early application of the latest amendments to standards or interpretations.

The IASB and the IFRIC have adopted standards, interpretations and amendments to standards that were not compulsorily applicable this past financial year. The application of these IFRS is subject to adoption by the EU, which, in part, has not yet been effected.

- IAS 1 – Presentation of Financial Statements: A revised Presentation
- IAS 23 – Borrowing Costs
- IAS 27 – Consolidated and Separate Financial Statements
- IAS 32/IAS 1 – Puttable Financial Instruments and Obligations arising on Liquidation
- IFRS 1/IAS 27 – Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate
- IAS 39 – Financial Instruments: Recognition and Measurement: Eligible Hedged Items
- IFRS 1 – First Time Adoptions of IFRS 1 (revised)/ Additional Exemptions for First Time Adopters
- IFRS 2 – Share-based Payment – Vesting Conditions and Cancellations/Group Cash – Settled Share – Based Payment Transactions
- IFRS 3 – Business Combinations (revised 2008)
- IFRS 7 – Improving Disclosures about Financial Instruments
- IFRS 8 – Operating Segments
- IFRIC 12 – Service Concession Arrangements
- IFRIC 13 – Customer Loyalty Programmes
- IFRIC 14/IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 – Distributions of Non-Cash Assets to Owners
- IFRIC 18 – Transfer of Assets from Customers

No use will principally be made of early application of these standards and interpretations. Deutsche Beteiligungs AG does not expect their implementation to have a material effect on the assets, financial and earnings position.

| 4. Consolidated companies

In addition to Deutsche Beteiligungs AG, the consolidated financial statements include those Group companies in which Deutsche Beteiligungs AG is able to exercise control within the meaning of IAS 27. Control as defined by IAS 27 is when the power exists to govern the financial and operating policies of an enterprise in order to obtain benefits from its activities.

Joint ventures are recognised in the consolidated financial statements on a pro rata basis (proportionate consolidation).

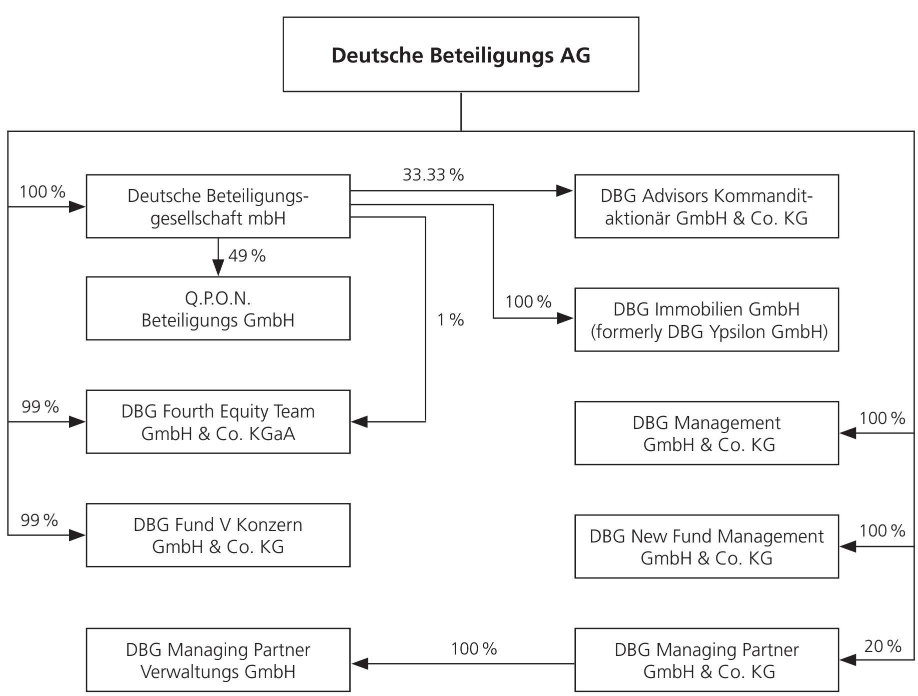
Foreign-based companies are presently not included in the group of consolidated companies of Deutsche Beteiligungs AG.

The consolidated Group at 31 October 2009 is comprised of the following companies:

DBG Beteiligungsgesellschaft mbH, in which Deutsche Beteiligungs AG directly holds 100 percent of the voting shares, was not consolidated, since the commercial risk for its business activities – and, consequently, the business policy – lies with other non-group companies.

DBG Fifth Equity Team GmbH & Co. KGaA, in which a subsidiary of Deutsche Beteiligungs AG holds 100 percent of the limited partner's shares, was not consolidated in the accounts, since significant and long-lasting restrictions exist that impair rights in respect of this company's assets and management.

DBG Advisors Kommanditaktionär GmbH & Co. KG, in which a subsidiary of Deutsche Beteiligungs AG holds an equity share of 33.33 percent, was consolidated despite a minority interest, because DBAG has the power to appoint or remove the majority of the members of the executive body.



The percentages relate to the proportionate share of equity.

Managing Partner GmbH & Co. KG, in which Deutsche Beteiligungs AG holds an equity share of 20 percent, was consolidated, since Deutsche Beteiligungs AG obtains the majority of the benefits from the activities of this company. We refer to Note 35.

Q.P.O.N. Beteiligungs GmbH, a joint venture, was proportionately consolidated at a rate of 49 percent (previous year: 50 percent). The reduction in the interests held in Q.P.O.N. Beteiligungs GmbH does not have a material effect on the asset, financial and earnings position of the DBAG Group. Attributable to the 49-percent share are non-current assets and non-current debt of 0 euros, current assets of T€21, current debt of T€1, income of less than T€1 and expenses of T€2.

| 5. Principles of consolidation

The financial statements of consolidated subsidiaries were drawn up based on common accounting and valuation policies.

In conformity with the rules of IFRS 3, capital consolidation has been performed using the purchase method.

Since the conversion of the accounting to the IFRS format, no goodwill from capital consolidation has been capitalised.

| 6. Accounting and valuation policies

The Company defines as classes of financial instruments the categories in conformity with IAS 39 as well as cash funds and minority interest.

Financial assets

Regular way purchase or sale of financial assets is recognised on the settlement date.

Financial assets have been designated as "financial assets at fair value through profit or loss", since, pursuant to our investment strategy, these assets are managed and their performance evaluated on a fair-value basis.

Based on the Company's classification as a private equity firm and in conformity with the rules stipulated in IAS 39, financial assets are principally measured at their fair value. The net result of valuation (changes in fair value) is disclosed in the income statement in line item "Net result of valuation and disposal of financial assets and loans and receivables".

Valuation guidelines have been adopted for the application of fair value accounting. According to these guidelines, investments in quoted enterprises for which an active and liquid market exists are valued at their stock market price at the valuation date or at the stock market price on the last day of trading prior to this date. For all other investments in unquoted companies or quoted companies for which no active or liquid market exists, the fair value is measured using generally accepted methodologies. These include, in particular, the internationally accepted multiples method and the discounted cash-flow method.

In applying the multiples method, the enterprise value is determined by using multiples of a peer group of companies. In using the discounted cash-flow method, expected future cash flows for a detailed budgetary period are discounted at the valuation date; for the subsequent period, the present value of an expected government perpetual is determined.

The valuation parameters used for valuation procedures are applied consistently and are based on available corporate and market data. If the fair value for equity instruments cannot be measured reliably, that equity instrument will be valued at acquisition cost.

Loans and receivables

"Loans and receivables" comprise non-current loans, shareholder loans and receivables with a fixed term and without an embedded derivative.

Loans and receivables are recognised at amortised cost in conformity with the categorisation of IAS 39. Loans and receivables are subject to regular review as to whether objective evidence of impairment exists. If this is the case, the impairment loss is determined as in IAS 39. Significant financial difficulty of obligors as well as breaches of contract that have occurred are considered to be objective evidence of impairment. Also, significant and adverse changes in the business environment of borrowers are indicators that give cause to test for possible impairment.

Intangible assets / property, plant and equipment

Intangible assets and property, plant and equipment are valued at purchase cost, less regular straight-line depreciation based on normal useful life. Useful life for intangible assets is determinable and extends from two to five years. For property plant and equipment, useful economic life is termed from three to forty years. Additions are depreciated pro rata temporis beginning in the month of acquisition. Depreciation is disclosed in the income statement under the caption "Depreciation and amortisation on property, plant and equipment and intangible assets".

Beyond that, intangible assets and property, plant and equipment are subject to impairment review, if certain events and/or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss amounting to the difference between the carrying amount and the recoverable amount is recognised. The recoverable amount is the higher of an asset's fair value (less costs to sell) or its utility value.

Securities

The items captioned "Long-term securities" and "Short-term securities" comprise securities of sovereign issuers that are allocated to the "held to maturity" category and carried at amortised cost. If the securities' residual term is more than one year at the balance sheet date, they are allocated to "Long-term securities", otherwise to "Short-term securities". These items are regularly reviewed when objective evidence of an impairment exists. In that event, the impairment loss is measured in accordance with IAS 39.

Deferred taxes

According to the IFRS, deferred taxes are recognised on temporary differences arising between the tax bases of assets and liabilities and their IFRS carrying amounts in the accounts (balance sheet-orientated method). Temporary differences based on the IFRS are any differences that are not of a permanent nature. The IFRS require recognition of both deferred tax assets and liabilities, if the criteria for recognition exist.

Additionally, expected tax reductions from loss carryovers are capitalised in the IFRS format, if an appropriate level of taxable income is expected to be achieved in the foreseeable future against which unused tax loss carryovers may be offset. The tax rates expected to apply at the balance sheet date are used to determine deferred taxes.

Changes to deferred taxes are principally recognised in income, insofar as the circumstances to which they relate were recognised in income and were not charged or credited to equity.

Provisions for pension obligations and similar obligations

Pension provisions are determined in the IFRS format based on the projected unit credit method. In addition to the present value of pension obligations at the balance sheet date, this method accounts for future salary and benefit increases by an assumed trend rate.

According to the IFRS, actuarial gains and losses falling outside a range of ten percent of the higher amount arising from the obligation and the fair value of plan assets are disseminated over the average remaining service period (corridor method).

Current service cost is recognised as personnel costs in the IFRS format, whereas the net interest portion of allocations to provisions is disclosed in interest expense (interest income for the previous year).

Other provisions

Other provisions are carried in liabilities, if a third-party obligation and the probability of the availment of the obligation exist. Non-current provisions are discounted.

Stock option programme

The tranches of the stock option programme subject to disclosure were recognised as personnel expense in the income statement and disseminated on a pro rata temporis basis over the estimated vesting period. Equity was raised correspondingly. The stock options were measured at their fair value at the date of grant. This was performed using generally accepted option-pricing models.

Insofar as Deutsche Beteiligungs AG chose to make use of its right to settle the calculatory benefit of exercised stock options in cash, the capital reserve allocated for this purpose in preceding years was reversed and the remaining difference to the exercise appreciation recognised in personnel costs.

Liabilities

Liabilities of the Company are carried in other liabilities in conformity with IAS 39. They are valued at the repayable amount. Interest on borrowing costs is directly expensed.

Recognition of revenues

Revenues from current services are recognised when the services are rendered. Services rendered over time are recorded in the proportion attributable to the period. Revenues from disposals of financial assets are recognised when claims from warranty commitments are no longer likely.

Net result of valuation and disposal of financial assets and loans and receivables

This item contains realised gains and losses from the disposal of financial assets and from changes in the fair value of financial assets. This caption also includes impairment losses to financial assets that are valued at acquisition cost, as well as loans and receivables carried at amortised cost.

Leases

Only operating lease commitments exist. Lease payments are recognised as an expense.

Foreign currency

Liabilities stated in foreign currency are recognised in income using the closing rate method.

Since the group of consolidated companies of Deutsche Beteiligungs AG does not include foreign-based companies, there are no effects from currency translations in this context.

Offsetting

Offsetting assets against liabilities and income against expense is principally prohibited, except if this is stipulated or expressly permitted by a requirement.

Notes to the income statement

| 7. Net result of valuation and disposal of financial assets and loans and receivables

T€	2008/2009	2007/2008
Changes in value	11,436	(57,878)
Realised gains/losses	17,509	(2,225)
Other	877	(867)
Total	**29,822**	**(60,970)**

In financial year 2008/2009, "Other" largely related to the reversal of a provision for an additional funding obligation for a portfolio company that was made under the same item the previous year. The additional funding took place in financial year 2008/2009; an impairment loss on the investment was recognised in the amount of the additional funding. The reversal of the provision is therefore offset by the impairment loss.

| 8. Current income from financial assets and loans and receivables

T€	2008/2009	2007/2008
Profit entitlements	1,859	7,539
Interest	77	28
	1,936	**7,567**

Profit entitlements contain dividends from corporations and profit shares from both commercial and silent partnerships. Interest relates to loans granted to portfolio companies.

| 9. Personnel costs

T€	2008/2009	2007/2008
Wages and salaries	12,133	10,904
thereof, for stock options exercised	13	522
thereof, for stock options outstanding	1	42
Social contributions and expenses for pension plans	1,292	1,133
thereof, service cost	462	503
thereof, net of service cost	122	0
thereof, for defined contribution plans (including employers' contributions to state pension plans)	376	333
	13,425	**12,037**

Of the social contributions and expenses for pension plans, T€792 (previous year: T€642) were attributable to pension benefits. The employer's contributions to state pension plans have been allocated to social contributions, not to expenses for pension plans.

Number of employees (without Board of Management members):

	31 Oct. 2009	31 Oct. 2008
Employees (full-time)	40	39
Employees (part-time)	5	3
Apprentices	4	5
Parental leave	1	1

As in the preceding year, the Board of Management consisted of four members in 2008/2009.

In financial year 2008/2009, an average of 43 employees (previous year: 42) and 4 apprentices (previous year: 4) were employed at Deutsche Beteiligungs AG.

| 10. Other operating income

T€	2008/2009	2007/2008
Management fees	11,107	12,637
Reimbursed expenses	1,455	3,455
Structuring and consultancy fees	0	27
Other	1,574	786
	14,136	**16,905**

Management fees mainly relate to fee income for the management of third-party private equity funds that co-invest alongside Deutsche Beteiligungs AG. Please see Note 35.

Reimbursed expenses comprise advances on behalf of co-investment funds and portfolio companies.

| 11. Other operating expense

T€	2008/2009	2007/2008
Consultancy	2,753	5,661
Office rental	2,122	1,759
Sales tax	1,060	774
Impairment losses on current receivables	861	0
Financial assets	679	4
Other	3,470	3,436
	10,945	**11,634**

Consultancy expenses primarily relate to potential investment transactions, tax and legal counselling as well as EDP advisory services. Consultancy expenses are partially reimbursable by managed co-investment funds or portfolio companies.

Office rental mainly pertains to rent for premises and expenses for the purchase of real estate property.

Sales tax accounts for the fact that Deutsche Beteiligungs AG is only entitled to input tax deduction insofar as the Company generates taxable turnovers or turnovers that are entitled to input tax deduction based on legal provisions.

Impairment losses on current receivables relates to a receivable from a portfolio company.

Expenses for financial assets arose in conjunction with the sale of portfolio investments.

"Other" consists of miscellaneous operating expenses, in particular for public relations, travel, marketing, Supervisory Board, motor vehicles, etc.

Lease expenses for cars amounted to T€1 in the reporting year (previous year: T€21).

Other operating expense contains costs for share repurchases of 0 euros (previous year: T€31).

| 12. Interest income

T€	2008/2009	2007/2008
Interest expense for pension provisions	0	(870)
Expected returns on plan assets	0	878
	0	**8**
Current assets/securities	1,857	336
Fixed-term deposits/cash in banks	383	4,657
Revenue Office	62	107
Other	74	101
	2,376	**5,209**

Current assets/securities largely contains interest on securities of T€1,737 (previous year: T€237).

Fixed term deposits/cash in banks pertains to interest on liquid funds.

The item "Revenue Office" relates to interest income on tax returns.

Interest income is attributable to the following categories of financial instruments:

T€	2008/2009	2007/2008
Held-to-maturity investments	1,737	237
Loans and receivables	519	4,873
Financial assets at fair value through profit or loss	120	99
	2,376	**5,209**

| 13. Interest expense

T€	2008/2009	2007/2008
Interest expense for pension provisions	947	0
Expected returns on plan assets	(551)	0
	396	**0**
Loans/commitment commission	13	10
Non-current provisions	1	8
	410	**18**

For information on the accounting treatment of pension obligations, please see Note 27.

| 14. Income taxes

T€	2008/2009	2007/2008
Current taxes	(328)	448
Deferred taxes	35	(283)
	(293)	**165**

Current taxes in financial year 2008/2009 are composed of tax expense of T€176 for the reporting period of 2008/2009 and tax income of T€504 for preceding years.

Deferred taxes stem from the occurrence or reversal of temporary differences between the IFRS carrying amounts and the tax purpose-based carrying amounts of assets and debt. Temporary differences primarily exist for financial assets and pension provisions. The Group companies have for the most part recorded a surplus in deferred tax assets this financial year that originated from existing loss carryforwards. Based on the type of business activities and their applicable tax treatment, it is not probable that sufficient taxable profit will be available against which they can be utilised. These deferred tax assets were therefore not capitalised. Deferred tax expense in the reporting year totalling T€35 is exclusively attributable to DBG Advisors Kommanditaktionär GmbH & Co. KG.

Reconciliation between the theoretically expected tax charge for an incorporated company and the current amount recognised in the consolidated financial statements is as follows:

T€		2008/2009	2007/2008
Earnings before taxes		22,378	(55,304)
Applicable corporate tax rate	%	31.93	31.93
Theoretical tax income/expense		**7,145**	**(17,659)**
Change in theoretical tax income/expense			
- Tax-exempt positive result of valuation and disposal		(13,963)	(10,455)
- Non-deductible negative result of valuation and disposal		5,194	29,170
- Tax-exempt current income		(446)	(2,097)
- Non-deductible expense		41	26
- Taxes from previous years		(504)	(262)
- Corporation tax assets capitalised		0	(71)
- Use of non-capitalised tax loss carryforwards		(348)	606
- Non-capitalised tax loss carryforwards for current year		2,323	996
- Other effects		265	(89)
Income taxes		**(293)**	**165**
Taxation ratio	%	**(1.31)**	**(0.30)**

A total of T€348 is attributable to the reduction in current income tax expense from the utilisation of non-capitalised tax loss carryforwards in the Group. Additionally, there is a reciprocal effect of T€2,323 from non-capitalisation of deferred tax assets against tax loss carryforwards for the current financial year.

The expected tax rate for corporations is composed of corporation tax and a solidarity surcharge (15.83 percent) as well as municipal trade tax. The tax rate for Deutsche Beteiligungs AG is 15.83 percent, since Deutsche Beteiligungs AG is recognised as an equity investment company and is exempt from municipal trade tax.

Notes to the balance sheet

| 15. Intangible assets/property, plant and equipment

	Acquisition cost			
T€	**1 Nov. 2008**	**Additions**	**Disposals**	**31 Oct. 2009**
Intangible assets	384	3	0	387
Property, plant, equipment	9,539	1,015	76	10,478
	9,923	**1,018**	**76**	**10,865**

	Depreciation/amortisation				Carrying amount	
T€	**1 Nov. 2008**	**Additions**	**Disposals**	**31 Oct. 2009**	**31 Oct. 2009**	**31 Oct. 2008**
Intangible assets	345	17	0	362	25	39
Property, plant, equipment	1,406	1,095	42	2,459	8,019	8,133
	1,751	**1,112**	**42**	**2,821**	**8,044**	**8,172**

Additions to depreciation on property, plant and equipment relates to scheduled depreciation and an impairment loss.

| 16. Financial assets

T€	2008/2009	2007/2008
Status at beginning of financial year	**138,333**	**209,551**
Additions	3,012	19,963
Disposals	15,539	33,303
Changes in value	11,436	(57,878)
Status at end of financial year	**137,242**	**138,333**

Financial assets are exclusively measured at fair value. Changes in value are recorded under the caption "Net result of valuation and disposal of financial assets and loans and receivables" on the income statement (see Note 7).

| 17. Loans and receivables

T€	2008/2009	2007/2008
Status at beginning of financial year	**31**	**153**
Additions	1,275	0
Disposals	0	122
Status at end of financial year	**1,306**	**31**

Loans and receivables relate to claims arising from loan agreements with portfolio companies.

The fair value of loans and receivables corresponds to the carrying amount, since loans and receivables carry interest at market rates.

| 18. Other non-current assets

T€	31 Oct. 2009	31 Oct. 2008
Pensions and similar obligations/plan assets	2,294	617
	2,294	**617**

Please refer to our commentary in Note 27.

| 19. Receivables

T€	31 Oct. 2009	31 Oct. 2008
Receivables from associated companies	13	18
Receivables from portfolio companies	3,473	3,687
	3,486	**3,705**

Receivables from associated companies pertain to non-consolidated subsidiaries of Deutsche Beteiligungs AG.

Receivables from portfolio companies largely relate to a clearing account with one portfolio company and loan arrangements with portfolio companies.

| 20. Securities

T€	31 Oct. 2009	31 Oct. 2008
Long-term securities	14,487	0
Short-term securities	58,747	69,164
	73,234	**69,164**

The securities were acquired as investments of cash resources not immediately required. They have different terms; the long-term securities mature on 14 January 2011.

| 21. Other financial instruments

T€	31 Oct. 2009	31 Oct. 2008
Short-term equity shares	169	22
	169	**22**

Short-term equity shares relate to shares that are to be sold to the managements of portfolio companies within a year.

| 22. Tax assets, tax provisions and deferred taxes

T€	31 Oct. 2009	31 Oct. 2008
Income tax credits	8,780	6,564
Deferred tax liabilities	118	82
Tax provisions	3,533	4,123

Deferred tax assets and liabilities are offset in conformity with IAS 12.74.

Income tax credits contain imputable taxes, corporation tax capitalised by Deutsche Beteiligungs AG at net present value and tax prepayments.

Tax provisions reflect the expected tax expense, without accounting for imputable taxes and tax prepayments.

Tax loss carryforwards have been recognised in deferred taxes as follows:

T€	31 Oct. 2009	31 Oct. 2008
Tax loss carryforward, corporation tax	46,585	43,095
thereof, usable	0	0
Tax loss carryforward, trade tax	18,004	10,625
thereof, usable	0	0

The Group companies concerned do not expect to achieve positive future taxable income.

Deferred tax assets (+) and liabilities (-) are attributable to the following items:

T€	31 Oct. 2009	31 Oct. 2008
Financial assets	(118)	(82)
	(118)	**(82)**

| 23. Other current assets

T€	31 Oct. 2009	31 Oct. 2008
Receivables from co-investment funds	2,147	4,092
Interest receivable on securities	843	2,228
Loans	742	1,935
Purchase price retention	705	0
Expenses advanced	51	510
Other	672	817
	5,160	**9,582**

Receivables from co-investment funds largely comprise reimbursable expenses.

Interest receivable on securities relates to securities of sovereign issuers (see Note 20).

Loans were chiefly extended to managers of portfolio companies to finance the acquisition of interests.

The purchase price retention covers warranty risks from the sale of a portfolio company.

Expenses advanced pertain to portfolio companies.

| 24. Equity

Subscribed capital/number of shares outstanding

All shares in Deutsche Beteiligungs AG are no-par value bearer shares (ordinary shares). Each share is entitled to one vote.

The shares are admitted for trading on the Frankfurt Stock Exchange (Prime Standard) and the Düsseldorf Stock Exchange. Shares of the Company are also traded on the Open Market of the Berlin-Bremen, Hamburg, Hanover, Munich and Stuttgart Stock Exchanges.

Changes in the number of shares outstanding were as follows:

Numbers of shares	2008/2009	2007/2008
Status at beginning of financial year	**13,676,359**	**14,090,497**
Shares repurchased and cancelled	0	(414,138)
Status at end of financial year	**13,676,359**	**13,676,359**

Arithmetically, the capital attributable to each share equals, unchanged, approximately 3.55 euros per share.

Sale of own shares to employees and retirees

The Board of Management offers employees and retirees of Deutsche Beteiligungs AG and of a subsidiary an employee share purchase plan at preferential terms which are orientated around tax legislation and limits. The following depicts the transactions involving own shares in financial year 2008/2009:

	Purchase/ sales price per share			Share of subscribed capital
	€	Number	T€	‰
Status 1 Nov. 2008		**0**	**0**	**0.0**
Date of purchase: 31 July 2009	14.74	4,182	15	0.3
Date of sale/transfer: 15 Aug. 2009	7.84	4,182	15	0.3
Status 31 Oct. 2009		**0**	**0**	**0.0**

Authorised capital

The Board of Management is, with the consent of the Supervisory Board, authorised to raise the capital stock of the Company by up to a total of 24,266,665.80 euros through one or more issues of new shares in exchange for cash or non-cash contributions (authorised capital). The authorisation is valid until 16 March 2010.

Contingent capital

There is contingent capital of up to 19,413,334.20 euros to grant holders or creditors of warrants and/or convertible bonds issued until 16 March 2010 option rights or conversion rights for up to 5,470,543 new shares in the Company, representing a proportionate share of the subscribed capital, in conformity with the specific terms of the warrants or convertible bonds.

There is also contingent capital of up to 1,820,000.00 euros available to enable the issuance of shares to members of the Company's management team who contribute to the performance of the Company's stock. We refer to Note 36 for a discussion of the stock option programme.

Capital reserve

The capital reserve comprises amounts achieved from the issuance of shares in excess of the par value. Additionally, it contains those tranches of the stock option programme required to be recognised in the accounts up to the time the residual stock options were exercised in the second quarter of financial year 2008/2009. At 31 October 2009, the capital reserve therefore only relates to amounts achieved from the issuance of shares in excess of the par value.

T€	2008/2009	2007/2008
Status at beginning of financial year	**141,426**	**141,791**
Additions	1	42
Disposals	(33)	(407)
Status at end of financial year	**141,394**	**141,426**

Additions account for the residual stock options of the stock option programme up to the date of exercise in the second quarter of financial year 2008/2009.

Disposals relate to residual stock options exercised in the reporting year. The capital reserve was reduced by the amounts allocated to the capital reserve in previous periods up to the date of exercise of the stock options.

Please refer to Note 6 for further information on the accounting treatment of the stock option programme.

Retained earnings

Retained earnings comprise:

- the legal reserve, as stipulated by German stock corporation law,
- first-time adopter effects from the IFRS opening balance at 1 November 2003,
- other retained earnings, which also contain reconciliation amounts from capital consolidation in conformity with the German Commercial Code.

Within the scope of the annual closing of Deutsche Beteiligungs AG, the Board of Management drew a partial amount of 14,741,639.01 euros on other retained earnings. To prevent other retained earnings, as a part of retained earnings, from becoming negative through the drawing within the context of the consolidated closing, a drawing of 9,234,037.14 euros was recognised in the consolidated accounts.

Consolidated retained profit

At the Annual Meeting on 26 March 2009, shareholders voted to pay a dividend of 0.40 euros per share (5,470,543.60 euros) for financial year 2007/2008.

€	2008/2009	2007/2008
Dividends paid	5,470,543.60	13,676,359.00
Surplus dividends paid	0.0	34,190,897.50
Total distribution	**5,470,543.60**	**47,867,256.50**

The retained profit of Deutsche Beteiligungs AG amounts to 24,328,840.23 euros. The Board of Management and the Supervisory Board will decide on 25 January 2010 on the appropriation (including the dividend) of the retained profit.

Since the introduction of the "half-income system" ('Halbeinkünfteverfahren'), 95 percent of dividends disbursed to shareholding corporations are exempt from corporation tax in Germany. If certain requirements are fulfilled, dividends are also exempt from municipal trade tax to the same extent. Dividends earned by natural persons are subject to a flat rate withholding tax ('Abgeltungssteuer') of 25 percent plus a solidarity surcharge, which the dividend-paying company pays directly to the taxation authority.

The retained profit contains imputable corporation tax credits that arose during the validity of the imputation system of taxation prior to the introduction of the "half-income system". These were previously only realisable through a reduction in corporation tax in conjunction with dividend distributions. Based on a revised directive, corporation tax credits will now be reimbursed in ten equal annual amounts. Deutsche Beteiligungs AG has corporation tax credits of originally 1.9 million euros. The resulting discounted reimbursements totalled T€1,554 at 31 October 2009.

| 25. Minority interest

T€	2008/2009	2007/2008
Status at beginning of financial year	**9,297**	**16,168**
Additions	7	112
Disposals	(40)	(2,632)
Profit share	3,024	(4,351)
Status at end of financial year	**12,288**	**9,297**

Minority interest relates to DBG Advisors Kommanditaktionär GmbH & Co. KG, DBAG Fund V Konzern GmbH & Co. KG as well as DBG Managing Partner GmbH & Co. KG. For a commentary on minority interest, please refer to the information on co-investment funds in Note 35.

Minority interest attributable to DBG Advisors Kommanditaktionär GmbH & Co. KG (co-investment fund DBAG Fund IV) developed as follows:

T€	2008/2009	2007/2008
Status at beginning of financial year	**8,806**	**15,853**
Additions	0	4
Disposals	(40)	(2,627)
Profit share	2,953	(4,424)
Status at end of financial year	**11,719**	**8,806**

Minority interest attributable to DBAG Fund V Konzern GmbH & Co. KG (co-investment fund DBAG Fund V) developed as follows:

T€	2008/2009	2007/2008
Status at beginning of financial year	**471**	**292**
Additions	5	108
Disposals	0	(3)
Profit share	70	74
Status at end of financial year	**546**	**471**

Minority interest attributable to DBG Managing Partner GmbH & Co. KG (co-investment fund DBAG Fund V) developed as follows:

T€	2008/2009	2007/2008
Status at beginning of financial year	**20**	**23**
Additions	2	0
Disposals	0	(2)
Profit share	1	(1)
Status at end of financial year	**23**	**20**

| 26. Other provisions

T€	1 Nov. 2008	Utilised	Writebacks	Additions	31 Oct. 2009
Non-current other provisions	914	50	865	1	0
Current other provisions	10,429	5,596	977	9,283	13,139
thereof, personnel-related commitments	6,440	4,170	8	6,146	8,408
thereof, financial assets	3,133	677	894	857	2,419
thereof, other	856	749	75	2,280	2,312
	11,343	**5,646**	**1,842**	**9,284**	**13,139**

Other provisions were made for contingent obligations, the occurrence of which is considered probable. The probability of an obligation occurring is estimated to be greater than the probability of its non-occurrence.

Non-current other provisions

An impending loss provision in the amount of T€760 was written back, since Deutsche Beteiligungs AG now expects to use its present offices until the existing rental contract expires in August 2011.

Current other provisions

Provisions for personnel-related commitments chiefly consist of performance-linked emoluments. Performance-linked emoluments relate to members of the Board of Management and staff of Deutsche Beteiligungs AG. The performance-linked compensation systems for staff largely correspond to those in which the members of the Board of Management participate. Please refer to the remuneration report in Management's report for information on the design of these compensation systems. Provisions for financial assets contained in current other provisions are allocable to the investment business (e.g. warranty commitments).

Current other provisions fall due within a year.

| 27. Provisions for pensions and similar obligations and plan assets

The balance sheet disclosure has been determined as follows:

T€	31 Oct. 2009	31 Oct. 2008	31 Oct. 2007	31 Oct. 2006	31 Oct. 2005
Present value of benefit entitlements	18,508	15,015	17,007	18,565	17,237
Fair value of plan assets	(18,597)	(15,755)	(16,727)	(16,620)	(14,309)
Actuarial gains/(losses) not offset	(2,205)	123	(893)	(1,891)	(2,554)
Other non-current assets	**2,294**	**617**	**613**	**0**	**0**
Provisions for pensions and similar obligations	**0**	**0**	**0**	**54**	**374**

In the past financial year, the present value of benefit entitlements developed as follows:

T€	2008/2009	2007/2008
Present value of benefit entitlements at beginning of financial year	**15,015**	**17,007**
Interest expense	948	870
Service cost	462	503
Past service cost	122	0
Benefits paid	(766)	(751)
Actuarial (gains)/losses	2,727	(2,614)
Present value of benefit entitlements at end of financial year	**18,508**	**15,015**

The present value of benefit entitlements was determined on the following premise:

T€		31 Oct. 2009	31 Oct. 2008
Discount rate	%	5.20	6.50
Salary trend rate (incl. career trend)	%	2.50	2.50
Benefit trend rate		2.00	2.00
Year of 'actuarial charts' by Dr Klaus Heubeck		2005 G	2005 G
Increase in income threshold for state pension plan	%	2.00	2.00

The present value of benefit entitlements results from various defined benefit plans as well as from individual defined benefit commitments. Application of the plans depends on the date an employee joins the Company. Retirement benefits are based on employees' salaries and years of service. Additionally, individual arrangements also exist.

Plan assets have been funded through a bilateral contractual trust arrangement. The plan assets consist of unit holdings and are managed by a bank. The fair value of plan assets was netted against the present value of benefit entitlements. Expected returns on plan assets amount to 3.5 percent for financial year 2008/2009 (previous year: 5.25 percent). As opposed to the prior year, the expected return rate on plan assets was less than the discount rate. It is orientated around the general interest rate level. The effective interest return on plan assets was 1.33 percent in financial year 2008/2007.

Plan assets developed as follows this past financial year:

T€	2008/2009	2007/2008
Fair value of plan assets at beginning of financial year	**15,755**	**16,727**
Expected returns	551	878
Allocations to plan assets	2,632	530
Benefits paid	(740)	(782)
Actuarial gains/(losses)	399	(1,598)
Fair value of plan assets at end of financial year	**18,597**	**15,755**

Actuarial gains/losses not offset developed as follows this past financial year:

T€	2008/2009	2007/2008
Actuarial gains/(losses) not offset at beginning of financial year	**123**	**(893)**
Actuarial gains/(losses) on benefit entitlements	(2,727)	2,614
Actuarial gains/(losses) on plan assets	399	(1,598)
Actuarial gains/(losses) not offset at end of financial year	**(2,205)**	**123**

The following amounts were recognised in the income statement:

T€	2008/2009	2007/2008
Service cost	462	503
Past service cost	122	0
Interest expense	947	870
Expected returns on plan assets	(551)	(878)
	980	**495**

The net sum of interest expense and expected returns on plan assets is disclosed in item "Interest expense" (previous year: "Interest income").

| 28. Other current liabilities

Other current liabilities relate to liabilities to associated companies, liabilities to portfolio companies, trade accounts payable, prepaid income and other liabilities.

All liabilities fall due within one year.

| 29. Other financial commitments, contingent liabilities and trusteeships

Other financial commitments are detailed as follows:

T€	31 Oct. 2009	31 Oct. 2008
Call commitments	4,803	8,649
Permanent debt obligations	1,739	2,652
	6,542	**11,301**

Possible call commitments relate to payments which may be drawn down by buyout funds, depending on the progress of investing activity.

The following provides an overview of the due dates of permanent debt obligations at 31 October 2008:

T€	< 1 year	1-5 years	> 5 years	Total
Permanent debt obligations	971	768	0	1,739
thereof, rental contracts	926	768	0	1,694

Permanent debt obligations pertain, in particular, to office rental. The office rental contract runs until 31 August 2011.

As in the previous year, contingent liabilities amounted to T€9,408 at 31 October 2009. Contingent liabilities almost exclusively relate to exposure to warranty risks in conjunction with former portfolio companies. Discounting was not performed due to the uncertainty and the indefinite settlement date of future payments.

Trust assets totalled T€9,122 at 31 October 2009 (previous year: T€10,807). They primarily concern two portfolio companies in the amount of T€6,355 (previous year: T€7,486) held for a managed fund. Trust liabilities exist in an equivalent amount.

| 30. Notes to the cash flow statement

The objective of cash flow statements based on IAS 7 is to report on and create transparency in a company's relevant flows of cash. Cash flows are differentiated according to operating activities as well as investing and financing activities. The indirect presentation method was applied for cash flows from operating activities,

Proceeds and payments relating to financial assets and to loans and receivables have been presented in cash flows from investing activities instead of in cash flows from operating activities, since this classification gives a truer representation, from our point of view.

There were no cash flows to be reported based on changes in the group of consolidated companies.

Cash funds at the beginning and end of the period existed in the form of cash deposits in banks. Cash funds of the proportionately consolidated Q.P.O.N. Beteiligungs GmbH amount to T€21 (previous year: T€23).

Since financial year 2007/2008, a part of the cash resources not needed in the short-term has been invested in securities. The securities serve, as do the cash deposits in banks, to meet the Group's payment obligations. According to IAS 7, these securities do not constitute cash or cash equivalents, since their maturity has so far always been longer than three months from the date of acquisition. IAS 7.16 requires the purchase of these securities to be disclosed as cash flows from investing activities.

Additional notes

| 31. Financial risk disclosures

The DBAG Group is exposed to financial risks that arise from its investment activities in portfolio companies and from other financial instruments. The risk exposure attached to these financial instruments may lead to a reduction in asset value or to a reduction in profits. There are no hedging relationships between financial instruments. Consequently, a basis for the application of hedge accounting does not exist.

The following describes the financial risks arising from the financial instruments to which the DBAG Group is exposed in conformity with IFRS 7. The objectives and the methods used to manage these risks are also discussed. There has been no change compared with the previous year.

| 31.1 Market risk

The fair value of financial instruments or future cash flows of financial instruments may fluctuate due to changes in market prices. Based on IFRS 7, market risk comprises the components of currency risk, interest risk and other price risk. The Board of Management principally assesses these risks before taking investment decisions or before accessing other financial instruments. Exposure to market risk is regularly monitored in its entirety.

| 31.1.1 Currency risk

The DBAG Group's exposure to currency risk relates to investments that are denominated in US dollars and in which future returns will be made in US dollars. Currency risk exposure arising from these investments concerns future proceeds from these portfolio companies and, consequently, also their fair value.

Currency risk management

Individual transactions denominated in foreign currency are not hedged, since both the holding periods of and the proceeds from these investments are uncertain. The portfolio denominated in US dollars will decline with the receipt of returns from the remaining fund investments in this currency.

Extent of currency risk

Line item financial assets contains financial instruments amounting to T€18,989 (previous year: T€24,498) that are exposed to US dollar currency risk. The effects on the result arising from exchange rate-related changes in the fair value of financial assets amounted to T€-3,102 (previous year: T€2,938).

Exchange rate sensitivity

An increase/decrease in the euro/US dollar exchange rate by ten percent would result in a decrease/increase in the consolidated profit for the year and the equity of the DBAG Group of T€1,899 (previous year: T€2,450).

| 31.1.2 Interest rate risk

Changes in market interest rates directly affect income from investments of cash resources and the valuations of our portfolio companies measured by the discounted cash-flow method. Apart from this, there are no further material effects directly arising from changes in market interest rates.

Interest rate risk management

Liquid resources are principally invested with a short-term horizon. Interest derivatives to hedge a certain interest rate level are not used, since cash balances are subject to strong fluctuations and not readily predictable.

Extent of interest rate risk

The sum of cash funds and securities is T€124,021 (previous year: T€105,219). Interest income from this position was T€2,120 (previous year: T€4,894).

Interest rate sensitivity

An increase/decrease of 100 basis points in the reference interest rate would result in a decrease/increase in the consolidated profit for the year and the equity of the DBAG Group of T€20 (previous year: T€136). The sensitivity analysis does not include cash funds and securities, since they have been committed at fixed interest rates.

| 31.1.3 Other price risk

Exposure to other price risk primarily exists in future valuations of the DBAG Group's portfolio companies. The portfolio companies are measured at fair value. Valuation changes are taken directly to the income statement.

Other price risk management

The Board of Management constantly monitors the market risk inherent in the portfolio investments. Towards that end, the DBAG Group receives reports on the portfolio companies' course of business on a timely basis. Board of Management members or other members of the investment team hold offices on supervisory/advisory boards of portfolio companies and deal with the portfolio companies' strategies and performance in that capacity. Additionally, the responsible investment team members monitor the progress of portfolio companies through formally implemented processes.

Extent of other price risk

The financial asset position that comprises the portfolio companies amounts to T€137,242 (previous year: T€138,358).

Other price risk sensitivity

The valuation of portfolio companies is influenced by a number of factors that relate to the financial markets on the one hand and to the markets in which the portfolio companies operate on the other. Due to the many influential factors prevailing, we do not believe that a sensitivity analysis is very meaningful.

| 31.2 Liquidity risk

There is currently no recognisable exposure to liquidity risk from financial instruments for the DBAG Group. Free cash funds of T€50,787 (previous year: T€36,072) clearly exceed total debt amounting to T€31,536 (previous year: T€27,440). DBAG also has securities of sovereign issuers of T€73,234 (previous year: T€69,164) at its disposal to meet its payment obligations. The securities have different terms; the longest matures on 14 January 2011.

| 31.3 Credit/default risk

Extent of credit/default risk

The following balance sheet items are principally exposed to a one-hundred percent credit risk or default risk:

T€	31 Oct. 2009	31 Oct. 2008
Financial assets	137,242	138,333
thereof, hybrid instruments	81	1,460
thereof, investments	137,161	136,873
Loans and receivables	1,306	31
Receivables	3,486	3,705
Securities	73,234	69,164
Cash	50,787	36,072
Other current assets, if financial instruments	5,160	9,568
Total	**271,215**	**256,873**

Credit/default risk management

Financial assets: Deutsche Beteiligungs AG responds to the risk of default through a comprehensive risk monitoring system, which is discussed in a review of individual risks in Management's report.

Loans and receivables: Debtors are either current portfolio companies or parts of former portfolio companies. Deutsche Beteiligungs AG is informed regularly and promptly about the course of business of debtor companies. If there is evidence that debtors may fail to meet obligations, measures are worked out collaboratively aimed at putting debtors in a position to meet their obligations.

Receivables: Debtors are either current portfolio companies or parts of former portfolio companies. Deutsche Beteiligungs AG is informed regularly and promptly about the course of business of debtor companies. If there is evidence that debtors may fail to meet obligations, measures are worked out collaboratively aimed at putting debtors in a position to meet their obligations.

Securities: Debtors are sovereign issuers. Based on their credit rating, we assume that the credit risk to which these securities are exposed is small.

Cash: Cash funds of Deutsche Beteiligungs AG are held in deposits with German banking institutions. To spread the risk, cash funds are generally disseminated over a number of banks. The deposits are integrated in the respective bank's protection systems.

Other current assets: Debtors are chiefly co-investment funds of Deutsche Beteiligungs AG and managers of portfolio companies. Payment obligations by these co-investments funds can be met by capital calls directed to their investors.

| 31.4 Categories of financial instruments

Financial instrument have been designated to the following categories:

Balance sheet item	Valuation category
Financial assets	Financial assets at fair value through profit or loss
thereof, hybrid instruments	Financial assets at fair value through profit or loss
thereof, equity investments	Financial assets at fair value through profit or loss
Loans and receivables	Loans and receivables
Receivables	Loans and receivables
Securities	Held-to-Maturity-Investments
Cash	Loans and receivables
Other current assets, if financial instruments	Loans and receivables
Other current liabilities	Loans and receivables

The following impairments to financial assets designated as loans and receivables and held-to-maturity investments have been recognised:

T€	31 Oct. 2009	31 Oct. 2008
Loans and receivables	0	0
Receivables	861	0
Securities	0	0
Cash	0	0
Other current assets, if financial assets	0	0
Total	**861**	**0**

Financial assets designated as loans and receivables, receivables and other short-term assets chiefly relate to portfolio companies and co-investment funds. Due to close relationships to creditors, due dates are negotiated in individual instances and mutually agreed. Quantitative data on past due financial instruments is therefore not disclosed. These financial instruments are largely not hedged.

Impairments are recognised when it appears likely that the obligor will not be able to meet his payment obligations in the future. An assessment of obligors' credit quality is derived from a regular exchange of information between obligors and Deutsche Beteiligungs AG.

| 31.5 Net results from financial instruments

Net gains and net losses are influenced by fair value movements through profit or loss, write-downs, write-backs through profit or loss, currency rate changes and write-offs.

The following total net gains and losses on financial assets and liabilities are contained in the income statement, which are substantially disclosed in the net result of valuation and disposal as well as current income from financial assets, and loans and receivables:

T€	2008/2009	2007/2008
Net result of financial assets at fair value through profit or loss	30,956	(53,309)
thereof, financial assets classified as at fair value through profit or loss upon initial recognition	30,956	(53,309)
thereof, financial assets classified as held for trading	0	0
Net result from loans and receivables	(861)	0
Net result from financial instruments held to maturity	0	0
Net result from financial liabilities valued at amortised cost	0	0

| 31.6 Capital management

The objective of DBAG Group's capital management is to ensure the Group's long-term capital requirement and augment net asset value per share by a rate that at least exceeds the cost of equity on the long-term average.

The amount of equity is managed by dividend distributions and share repurchases and, if appropriate, capital increases.

Overall, the capital of DBAG is composed of the following:

T€	2008/2009	2007/2008
Liabilities		
Minority interest	12,288	9,297
Provisions	16,672	15,466
Other liabilities	2,576	2,677
	31,536	**27,440**
Equity		
Subscribed capital	48,533	48,533
Reserves	157,793	167,059
Consolidated retained profit	52,640	29,230
	258,966	**244,822**
Equity as a %-age of total capital	**89.14**	**89.92**

In addition to the capital requirement as stipulated in the German Stock Corporation Act, Deutsche Beteiligungs AG is subject to capital restrictions pursuant to the German Special Investment Company Act (Gesetz über Unternehmensbeteiligungsgesellschaften – UBGG). To maintain the status of a special investment company, Deutsche Beteiligungs AG must have a paid-in capital contribution of T€1,000 to its capital stock. This amount was fully paid in, both in the reporting year and the preceding year.

| 32. Earnings per share based on IAS 33

		2008/2009	2007/2008
Consolidated profit/loss for the year	T€	19,647	(51,117)
Shares issued at balance sheet date		13,676,359	13,676,359
Shares outstanding at balance sheet date		13,676,359	13,676,359
Weighted average number of shares		13,676,359	13,702,896
Basic earnings per share	€	1.44	(3.73)
Diluted earnings per share	€	1.44	(3.73)

Basic earnings per share are computed by dividing the consolidated profit for the year attributable to Deutsche Beteiligungs AG by the weighted average number of shares outstanding during the reporting year.

Dilution of earnings per share can occur through so-called potential shares. For Deutsche Beteiligungs AG, potential shares could have occurred through the stock option programme. There were no stock options outstanding at the balance sheet date. Diluted earnings were therefore equivalent to basic earnings.

| 33. Segment reporting

The private equity operations of Deutsche Beteiligungs AG are conducted on a global basis, i.e. without differentiating between segments, such as geographical regions or industrial sectors. Thus, there is only one segment to the Company's business.

Through the management of co-investment funds in which third parties invest, Deutsche Beteiligungs AG gains access to transactions requiring a greater equity investment and generates current fee income from fund management services, which serves to cover costs. This, however, does not give rise to a segment of its own.

Segment information is therefore not reportable.

| 34. Declaration of Conformity pursuant to § 161 German Stock Corporation Act (AktG)

A 'Declaration of Conformity' pursuant to § 161 of the German Stock Corporation Act (Aktiengesetz – AktG) was submitted by the Board of Management and the Supervisory Board of Deutsche Beteiligungs AG and is permanently accessible to shareholders at the Company's Internet site.

| 35. Information based on IAS 24

Remuneration based on employment or service contracts for key management staff

Key management personnel in terms of IAS 24 are the members of the Board of Management and senior executives of Deutsche Beteiligungs AG.

The policies of the remuneration system and the total remuneration paid to the members of the Board of Management and the Supervisory Board are presented in the remuneration report. The remuneration report is an integral part of Management's report. Personalised information in conformity with § 314 (1) No. 6 of the German Commercial Code (Handelsgesetzbuch – HGB) is also disclosed there.

Total payments to key management personnel consist of cash and non-cash remuneration. Total cash payments amounted to T€9,521 in the reporting year (previous year: T€7,226). Non-cash remuneration primarily consists of the amounts recognised in accordance with the tax basis for the use of company cars.

In the reporting year, a total of T€602 was allocated to pension provisions (previous year: T€601) as defined by the IFRS for key management staff (service cost and interest cost); thereof, service cost: T€413 (previous year: T€435). Defined benefit obligations for key management staff amounted to T€4,691 (previous year: T€2,872) at the balance sheet date.

No loans or advances were granted to members of the Board of Management or the Supervisory Board. The DBAG Group has not entered into any guarantees for members of the Board of Management or the Supervisory Board.

No member of the Supervisory Board or the Board of Management holds shares, share options or other derivatives representing one percent or more of the subscribed capital.

For financial year 2008/2009, the members of the Supervisory Board received fixed fees totalling T€248 (consisting of a fixed amount and special bonuses). Variable compensation was not paid.

For consultancy services in 2008/2009, Professor Dr h.c. Rolf-Dieter Leister/Infra Beratung GmbH received net fees totalling T€104 (previous year: T€120).

Regarding transactions and balances of key management personnel in their capacity as minority partners in consolidated companies, please refer to Note 25.

Participation in carried interest schemes by key management staff

Key management personnel have committed to invest in the DBAG Fund IV and DBAG Fund V co-investment funds. For those participating, this can result in a superior profit share, if superior results are realised from the investments in a specified investment period. The profit shares are only paid if the Deutsche Beteiligungs AG Group and the investors in the respective co-investment funds have realised a minimum return on their invested capital. This minimum return amounts to eight percent annually. The structure of the profit share, its implementation and performance conditions are in conformity with common practice in the private equity industry and constitute a prerequisite for the placement of private equity funds. For the individuals participating, their partnership status constitutes a privately carried investment risk and is aimed at promoting the staff's initiative and dedication to the portfolio companies.

DBAG Fund IV

DBAG Fund IV consists of the following fund companies that make co-investments at a fixed ratio:

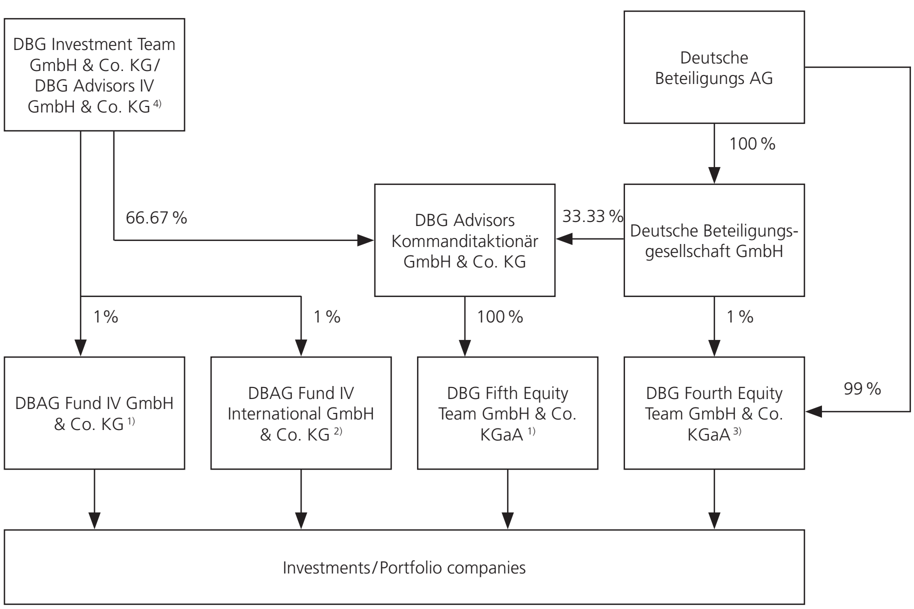
Fund company	Qualification	Investment share held by investment-team in %	Max. profit share
DBAG Fund IV GmbH & Co. KG	Related party	1.0	20.8
DBAG Fund IV International GmbH & Co. KG	Related party	1.0	20.8
DBG Fifth Equity Team GmbH & Co. KGaA	Related party	0.67	approx. 30.0
DBG Fourth Equity Team GmbH & Co. KGaA	DBAG Group company	0.0	

The investment team of DBAG Fund IV is identical to key management personnel or former key management personnel. They have invested their own money at a fixed ratio in the companies listed above. DBG Advisors IV GmbH & Co. KG, which is a related party and not included in the consolidated accounts of DBAG, acts as an intermediary for investments in the first two fund companies named above. Key management personnel are invested directly in DBG Advisors IV GmbH & Co. KG, or indirectly through DBG Investment Team GmbH & Co. KG.

Interests in DBG Fifth Equity Team GmbH & Co. KGaA are held indirectly through DBG Advisors Kommanditaktionär GmbH & Co. KG. Interests in DBG Advisors Kommanditaktionär GmbH & Co. KG are recognised in minority interest, since DBG Advisors Kommanditaktionär GmbH & Co. KG is a Group company. Key management personnel have not yet provided capital contributions amounting to T€69 in DBG Advisors Kommanditaktionär GmbH & Co. KG.

Apart from that, no outstanding balances exist between DBG Advisors Kommanditaktionär GmbH & Co. KG and related parties.

Overview investment structure of DBAG Fund IV



The percentages relate to the equity share.

1) Investment vehicle for German investors
2) Investment vehicle for international investors
3) Investment vehicle for Deutsche Beteiligungs AG
4) Investment vehicle for Board of Management and senior executives

Key management personnel have made the following investments or have the following repayments from investment activity attributable to them:

T€	Investments		Cumulated investments		Repayments	
	Management board	Senior executives	Management board	Senior executives	Management board	Senior executives
Period from 1 Nov. 2007 – 31 Oct. 2008						
DBG Advisors IV GmbH & Co. KG	6	0	409	0	1,535	0
DBG Advisors Kommanditaktionär GmbH & Co. KG	1	0	84	0	470	0
DBG Investment Team GmbH & Co. KG	5	9	309	707	1,321	3,010
Total 2007/2008	**12**	**9**	**802**	**707**	**3,326**	**3,010**
Period from 1 Nov. 2008 – 31 Oct. 2009						
DBG Advisors IV GmbH & Co. KG	15	0	424	0	369	0
DBG Advisors Kommanditaktionär GmbH & Co. KG	0	0	84	0	0	0
DBG Investment Team GmbH & Co. KG	11	23	320	730	240	521
Total 2008/2009	**26**	**23**	**828**	**730**	**609**	**521**

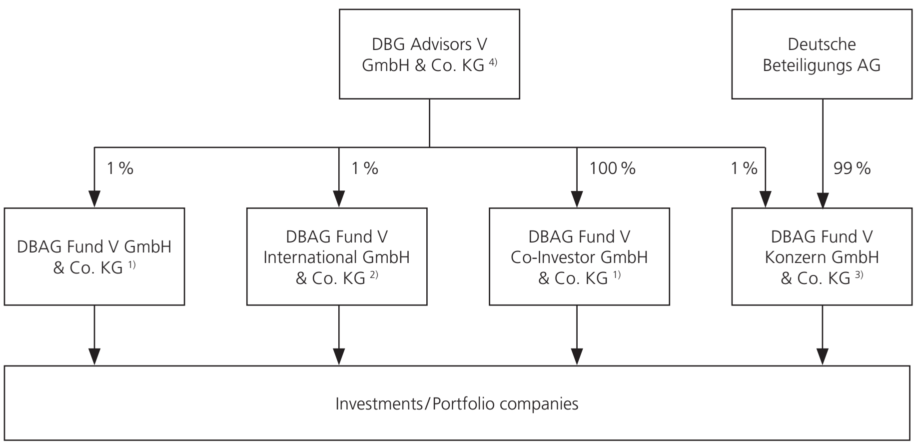
DBAG Fund V

DBAG Fund V consists of the following fund companies that make co-investments at a fixed ratio:

Fund company	Qualification	Investment share held by investment team in %	Max. profit share in %
DBAG Fund V GmbH & Co. KG	Related party	1.0	20.8
DBAG Fund V International GmbH & Co. KG	Related party	1.0	20.8
DBAG Fund V Co-Investor GmbH & Co. KG	Related party	1.0	approx. 45.0
DBAG Fund V Konzern GmbH & Co. KG	Related party	1.0	20.8

The investment team of DBAG Fund V is virtually identical to key management personnel. They have invested their own money at a fixed ratio in all of the four fund companies listed above. The interests in DBAG Fund V GmbH & Co. KG and DBAG Fund V International GmbH & Co. KG are transacted through the investing limited partner of these fund companies, DBG Advisors V GmbH & Co. KG, which is a related party to DBAG. DBG Advisors V GmbH & Co. KG acts as the sole limited partner of DBAG Fund V Co-Investor GmbH & Co. KG. DBG Advisors V GmbH & Co. KG is the sole general partner of DBAG Fund V Konzern GmbH & Co. KG. Shares held in DBAG Fund V Konzern GmbH & Co. KG are recognised in minority interest, since this company is a DBAG Group company.

Overview investment structure of DBAG Fund V



The percentages relate to the equity share.

1) Investment vehicle for German investors
2) Investment vehicle for international investors
3) Investment vehicle for Deutsche Beteiligungs AG
4) Investment vehicle for Board of Management and senior executives

Key management personnel have made the following investments or have the following repayments from investment activity attributable to them:

	Investments in the period		Investments at the closing date		Repayments from investment activity	
T€	Management board	Senior executives	Management board	Senior executives	Management board	Senior executives
Period from 1 Nov. 2007 – 31 Oct. 2008						
DBG Advisors V GmbH & Co. KG	392	285	1,125	818	6	5
Period from 1 Nov. 2008 – 31 Oct. 2009						
DBG Advisors V GmbH & Co. KG	66	51	1,191	915	0	0

Other related parties

DBAG manages the following co-investment funds that invest alongside DBAG:

Funds	Status
DBG Fonds I	End of investment period on 31 Dec. 1997
DBG Fonds III	End of investment period on 31 Oct. 2001
DBG Fund IV	End of investment period on 15 Feb. 2007
DBAG Fund V	Beginning of investment period on 15 Feb. 2007

DBAG has earned the following material fee income for management services to the co-investment funds that are recognised in other operating income:

T€	2008/2009	2007/2008
DBG Fonds I	1,059	1,793
DBG Fonds III	85	132
DBAG Fund IV	1,535	2,180
DBAG Fund V	8,383	8,502
	11,062	**12,607**

DBG Fonds I consists of the fund management company Deutsche Beteiligungsgesellschaft mbH & Co. Fonds I KG. DBG Fonds III comprises the fund management company Deutsche Beteiligungsgesellschaft Fonds III GmbH. DBAG Fund IV and DBAG Fund V consist of several entities that were named previously in the overview of fund structures.

DBG Fonds I, DBG Fonds III and DBAG Fund IV are directly managed by DBAG Group companies.

For DBAG Fund V, the fund companies DBAG Fund V GmbH & Co. KG and DBAG Fund V International GmbH & Co. KG are managed by the managing general partner DBG Managing Partner GmbH & Co. KG, a DBAG Group company. DBAG Fund V Co-Investor GmbH & Co. KG is managed through Group subsidiary DBG Management GmbH & Co. KG.

Deutsche Beteiligungs AG is the managing limited partner of DBG Managing Partner GmbH & Co. KG. Deutsche Beteiligungs AG and Messrs Grede, von Hodenberg, Mangin and Dr Scheffels each hold a 20 percent interest in this company. Deutsche Beteiligungs AG receives 80 percent of this company's profits for the management of the company. After deducting the liability charges of the general partner and expense for interest paid on balances in shareholders' accounts, Deutsche Beteiligungs AG is also entitled to the company's residual profits. Since expenses of DBG Managing Partner GmbH & Co. KG are currently low (T€6) and an appreciable increase is not expected, nearly all profits of DBG Managing Partner GmbH & Co. KG flow to Deutsche Beteiligungs AG. The general partner of DBG Managing Partner GmbH & Co. KG can terminate the management agreement with DBAG at three months' notice to the end of a quarter. In this case, too, Deutsche Beteiligungs AG would be entitled to the total residual profits, after deducting the general partner's liability charges, expense for interest paid on balances in shareholders' accounts and, if appropriate, costs for setting up own operations for the management of DBAG Fund V. Costs for setting up own business operations would incur if management services were no longer rendered by Deutsche Beteiligungs AG and were performed by DBG Managing Partner GmbH & Co. KG itself.

The interests in the general partner of DBG Managing Partner GmbH & Co. KG are held by DBG Managing Partner GmbH & Co. KG itself; the chief executives of the general partner of DBG Managing Partner GmbH & Co. KG are Messrs Grede, von Hodenberg, Mangin and Dr Scheffels. Through the management services described above for several of the DBAG Fund V companies, Deutsche Beteiligungs AG has sourced annual income amounting to two percent of the capital commitments of 419 million euros to these fund companies, and two percent of the historical cost for the investments of the fund companies after the investment period has been completed. A requisite for raising the fund commitments was that Messrs Grede, von Hodenberg, Mangin and Dr Scheffels would be available for the management of the fund companies over the long term, irrespective of whether they remain appointed as members of the Board of Management of Deutsche Beteiligungs AG.

Key management personnel of Deutsche Beteiligungs AG partly serve on supervisory bodies of companies in the portfolio of the DBG Fonds I, DBG Fonds III, DBAG Fund IV and DBAG Fund V co-investment funds. For the period from 1 November 2008 to 31 October 2009, they are entitled to compensation totalling T€174 (previous year: T€220) for these services, which have been transferred to Deutsche Beteiligungs AG and recognised in other operating income.

Treuinvest Service GmbH and Deutsche Treuinvest Stiftung are related parties that act as trustees within the scope of a bilateral contractual trust arrangement for pension-related plan assets. Both companies together receive an annual net fee of T€6 euros for administration services.

| 36. Stock option programme

At the Annual Meeting on 27 March 2001, shareholders adopted a resolution to conditionally raise the subscribed capital by up to T€1,820. The contingent capital increase exclusively serves to grant option rights to those members of the management team of Deutsche Beteiligungs AG who contribute towards the performance of the Company's stock. The increase may only be executed to the extent that holders of option rights granted up to 24 March 2006 exercise their options on the basis of the authorisation adopted by shareholders at the Annual Meeting on 27 March 2001.

Authorisation for the Board of Management and Supervisory Board

The Board of Management was authorised, with the consent of the Supervisory Board, to grant up to 700,000 option rights to members of the Company's management team in one or several tranches in the period from 27 March 2001 until 24 March 2006. 350,000 of these option rights were granted to members of the Board of Management and an equal number to other members of the management team. For members of the Board of Management, the granting of stock rights was exclusively the responsibility of the Supervisory Board.

Exercise period and exercise freeze period

The option rights were granted for a term of five years and were exercisable not earlier than three years after the date of grant within a period of four weeks following an ordinary Annual Meeting and the publication of a semi-annual report.

Exercise conditions

The options were only exercisable, if the performance of the shares of Deutsche Beteiligungs AG, including dividend payments and subscription rights, exceeded that of the S-Dax in the period from the date of grant to the last day of trading prior to the onset of the exercise period (reference period).

Exercise price

The exercise price was the average stock market price of the shares of Deutsche Beteiligungs AG in the ten days of trading prior to the onset of the exercise period divided by a performance coefficient. The performance coefficient was derived by dividing the relative price movement of the Company's shares (including dividends and subscription rights) by the relative price movement of the S-Dax over the reference period.

Non-transferability/dividend rights for new shares

The rights granted to optionees were non-transferable, except in case of death. The new shares carried full dividend rights from the beginning of the financial year in which they were issued.

Tranches
The number of stock options developed as follows in financial year 2008/2009:

Date of grant	Stock options 1 Nov. 2008	Options exercised	Options forfeited	Options expired	Stock options 31 Oct. 2009
2 April 2004	4,000	4,000	0	0	0
1 April 2005	4,000	4,000	0	0	0
Total	**8,000**	**8,000**	**0**	**0**	**0**

The weighted average share price of exercised stock options on the day of exercise was 10.20 euros.

Settlement of stock rights
Deutsche Beteiligungs AG was entitled to settle stock rights through cash payments instead of delivering shares.

Accounting treatment and valuation
For the stock rights attached to the tranches granted on 2 April 2004 and 1 April 2005 that were exercised this financial year, Deutsche Beteiligungs AG made use of its right to settle stock options through cash payments. The total exercise appreciation amounts to T€46. The capital reserve appropriated in preceding years for options exercised (T€33) was reversed and the remaining difference to the exercise appreciation (T€13) was recognised in personnel costs.

| 37. Fair value of financial instruments

The key items in the accounts of Deutsche Beteiligungs AG containing financial instruments are either completely (financial assets) or largely (other financial instruments) carried at fair value. Financial instruments carried at amortised cost are almost exclusively recognised in current assets or current liabilities. Their term is less than one year. For these instruments, we assume that the carrying amount reflects the fair value.

| 38. Risk management

For information on risk management objectives and methods, please refer to Note 31 and the discussion in Management's report.

| 39. Interests in large corporations

The complete list of subsidiaries and investments constitutes an attachment to the consolidated financial statements for financial year 2008/2009.

The Group holds interests in excess of five percent of the voting shares in the following large corporations:

Name of company	Domicile
Grohmann Engineering GmbH	Prüm, Germany
Homag Group AG	Schopfloch, Germany

| 40. Audit fees and audit-related services

The fees for the annual audit amounted to T€264 (DBAG parent company: T€243; subsidiaries: T€21), for tax consultancy services T€153 (DBAG parent: T€117; subsidiaries: T€36) and for various certification and assessment services as well as expert appraisals T€40 (DBAG parent: T€40; subsidiaries: 0 euros).

| 41. Members of the Supervisory Board and Board of Management

Supervisory Board *

Andrew Richards, Glashütten/Taunus (Chairman)
Private Equity Consultant
Executive Director of PARE-Unternehmensberatung GmbH, Glashütten/Taunus
Comparable offices in Germany and internationally
- PINOVA Capital GmbH, Munich (Chairman)
- Deutsche Beteiligungsgesellschaft Fonds III GmbH, Frankfurt am Main (Chairman)

Professor Dr h. c. Rolf-Dieter Leister, Lucerne, Switzerland (Vice Chairman)
Economic Advisor
Comparable offices in Germany and internationally
- Deutsche Beteiligungsgesellschaft Fonds III GmbH, Frankfurt am Main (Vice Chairman)

Dr Hans-Peter Binder, Berg
Former Director of Deutsche Bank AG
Statutory offices
- BAUER COMP Holding AG, Munich (Vice Chairman)
- Dierig Holding AG, Augsburg (Chairman)
- Faber-Castell AG, Stein/Nürnberg (Vice Chairman)
- Knorr-Bremse AG, Munich
- Knorr-Bremse Systeme für Nutzfahrzeuge GmbH, Munich
- Saint-Gobain Oberland AG, Bad Wurzach
- SCA Hygiene Products AG, Munich (until 17 September 2009)

Comparable offices in Germany and internationally
- A.W. Faber-Castell Unternehmensverwaltung GmbH & Co., Stein/Nuremberg
- Deutsche Beteiligungsgesellschaft Fonds III GmbH, Frankfurt am Main

Dr Hariolf Kottmann, Wiesbaden
Chairman of the Management Board of Clariant International AG, Muttenz, Switzerland
Statutory offices
- Clariant International AG, Muttenz, Switzerland

Comparable offices in Germany and internationally
- Plansee AG, Reutte, Austria
- Deutsche Beteiligungsgesellschaft Fonds III GmbH, Frankfurt am Main

Professor Dr Günther Langenbucher, Stuttgart
Former Board Member of Ernst & Young AG, Stuttgart
Statutory offices
- BÖWE SYSTEC AG, Augsburg (Vice Chairman)
- DEKRA AG, Stuttgart
- WANDERER-WERKE AG, Augsburg (Chairman)

Comparable offices in Germany and internationally
- Ernst & Young AG, Stuttgart
- Papierwerke Klingele GmbH & Co. KG, Remshalden
- Deutsche Beteiligungsgesellschaft Fonds III GmbH, Frankfurt am Main

Dr Herbert Meyer, Königstein/Taunus
President Deutsche Prüfstelle für Rechnungslegung e.V. (DPR)/ Financial Reporting Enforcement Panel (FREP), Berlin
Statutory offices
- Demag Cranes AG, Düsseldorf
- KUKA AG, Augsburg (until 23. September 2009)
- Sektkellerei Schloss Wachenheim AG, Wachenheim
- Webasto AG, Stockdorf

Comparable offices in Germany and internationally
- Goss International Corporation, Bolingbrook, IL, USA (until 18 September 2009)
- Verlag Europa Lehrmittel GmbH, Haan
- Deutsche Beteiligungsgesellschaft Fonds III GmbH, Frankfurt am Main

* Statutory offices: offices held on other statutory supervisory boards; Comparable offices in Germany and internationally: offices held in comparable domestic and international supervisory bodies of commercial enterprises, at 31 October 2009, respectively.

Board of Management*

Wilken Freiherr von Hodenberg, Königstein/Taunus
(Spokesman)
Comparable offices in Germany and internationally
- Quartus Gestion S.A., Paris, Frankreich (until 24 November 2008)
- DBG Osteuropa-Holding GmbH, Frankfurt am Main (Chairman)

Torsten Grede, Frankfurt am Main
Statutory offices
- AKsys GmbH, Worms (Chairman, until 21 November 2008)
- Homag Group AG, Schopfloch (Chairman)
- Homag Holzbearbeitungssysteme AG, Schopfloch (Chairman)
- MCE AG, Linz, Austria

Comparable offices in Germany and internationally
- Clyde Bergemann Power Group, Inc., Delaware, DE, USA
- Grohmann Engineering GmbH, Prüm

André Mangin, Königstein/Taunus
Comparable offices in Germany and internationally
- Coveright Surfaces Beteiligungs GmbH, Düsseldorf (Chairman)
- ICTS Europe Holdings B.V., Amsterdam, Netherlands (Vice-Chairman; Chairman, until 24 February 2009)

Dr Rolf Scheffels, Frankfurt am Main
Statutory offices
- Preh GmbH, Bad Neustadt a. d. Saale (Chairman)
- Coperion Group GmbH, Stuttgart (Vice-Chairman; Chairman, until 1 March 2009)

Comparable offices in Germany and internationally
- JCK Holding GmbH Textil KG, Quakenbrück
- Lewa GmbH, Leonberg (Chairman, until 13 August 2009)
- DBG Second Equity Team GmbH & Co. KGaA, Frankfurt am Main
- DBG Third Equity Team GmbH & Co. KGaA, Frankfurt am Main
- DBG Fourth Equity Team GmbH & Co. KGaA, Frankfurt am Main
- DBG Fifth Equity Team GmbH & Co. KGaA, Frankfurt am Main

Frankfurt am Main, 17 December 2009

The Board of Management

* Statutory offices: offices held on other statutory supervisory boards; Comparable offices in Germany and internationally: offices held in comparable domestic and international supervisory bodies of commercial enterprises, at 31 October 2009, respectively.

Statement of responsibility

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

Frankfurt am Main, 17 December 2009

The Board of Management

Wilken Frhr. von Hodenberg

Torsten Grede

André Mangin

Dr Rolf Scheffels

Auditors' report

We have audited the consolidated financial statements prepared by the Deutsche Beteiligungs AG, Frankfurt am Main, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from November, 1 2008 to October, 31 2009. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, December 17, 2009

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Lemnitzer	Horn
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

List of subsidiaries and associates
at 31 October 2009

	Name	Domicile	Equity share %	Equity capital T€	Operating result of past financial year T€
1	**Subsidiaries**				
1.1	**Consolidated companies**				
1	DBG Advisors Kommanditaktionär GmbH & Co. KG	Frankfurt am Main, Germany,	33.33	2,931	3,098
2	DBG Fourth Equity Team GmbH & Co. KGaA	Frankfurt am Main, Germany	100.00	88,758	2,169
3	DBG Management GmbH & Co. KG	Frankfurt am Main, Germany	100.00	42	320
4	DBG New Fund Management GmbH & Co. KG	Frankfurt am Main, Germany	100.00	3	2,068
5	Deutsche Beteiligungsgesellschaft mbH	Königstein/Taunus, Germany	100.00	36,008	(1,261)
6	DBAG Fund V Konzern GmbH & Co. KG	Frankfurt am Main, Germany	100.00	27,375	(4,899)
7	DBG Managing Partner GmbH & Co. KG	Frankfurt am Main, Germany	20.00	2,817	8,396
8	DBG Managing Partner Verwaltungs GmbH	Frankfurt am Main, Germany	100.00	25	0
9	DBG Immobilien GmbH	Frankfurt am Main, Germany	100.00	7,360	86
1.2	**Non-consolidated companies**				
10	Bowa Beteiligungsgesellschaft mbH & Co. KG	Bielefeld, Germany	100.00	0	(11)
11	Bowa Geschäftsführungs GmbH	Bielefeld, Germany	100.00	50	3
12	DBG Beteiligungsgesellschaft mbH	Frankfurt am Main, Germany	100.00	69	0
13	DBG Development Capital Eastern Europe Ltd.	St. Helier, Jersey, Channel Islands	100.00	39	(44)
14	DBG Epsilon GmbH	Frankfurt am Main, Germany	100.00	28	1
15	DBG Fifth Equity Team GmbH & Co. KGaA	Frankfurt am Main, Germany	100.00	7,228	(1,992)
16	DBG Fourth Equity International GmbH	Frankfurt am Main, Germany	100.00	27	1
17	DBG Lambda GmbH	Frankfurt am Main, Germany	100.00	23	0
18	DBG My GmbH	Frankfurt am Main, Germany	100.00	210	(23)
19	DBG Second Equity Team GmbH & Co. KGaA	Frankfurt am Main, Germany	100.00	42	0
20	DBG Third Equity Team GmbH & Co. KGaA	Frankfurt am Main, Germany	100.00	43	(1)
21	DBG UK Management Ltd.	London, Great Britain [2)]	100.00	-	-
22	DBV Drehbogen GmbH	Frankfurt am Main, Germany	100.00	39	1
23	LOI Beteiligungs GmbH	Frankfurt am Main, Germany	100.00	24	0
24	Gizeh Verpackungen Beteiligungs-GmbH	Bergneustadt, Germany	99.67	81	4
25	DBG Alpha 5 GmbH	Frankfurt am Main, Germany	100.00	24	0
26	DBG Alpha 6 GmbH	Frankfurt am Main, Germany	100.00	24	0
27	DBG Alpha 7 GmbH	Frankfurt am Main, Germany	100.00	24	(1)
28	DBG Alpha 8 GmbH	Frankfurt am Main, Germany	100.00	24	(1)
29	DBG Alpha 9 GmbH	Frankfurt am Main, Germany	100.00	24	(1)
30	DBG Alpha 10 GmbH	Frankfurt am Main, Germany	100.00	24	(1)
31	DBG Alpha 11 GmbH	Frankfurt am Main, Germany	100.00	24	(1)

	Name	Domicile		Equity share %	Equity capital T €	Operating result of past financial year T€
2	**Joint Ventures**					
32	Q.P.O.N. Beteiligungs GmbH	Frankfurt am Main, Germany	1)	49.00	41	(3)
3	**Associates**					
33	DBG Asset Management, Ltd.	Jersey, Channel Islands		50.00	428	(19)
34	Deutsche MG Development Capital Italy S.A.	Luxemburg		33.33	1,299	(840)
35	DS Technologie Holding GmbH	Mönchengladbach, Germany		40.74	13,042	757
36	Duodecima Beteiligungs GmbH	Frankfurt am Main, Germany		49.80	27	0
37	Grohmann Engineering GmbH	Prüm, Germany		24.01	17,925	2,783
38	Heim & Haus Holding International GmbH	Frankfurt am Main, Germany		21.40	31,555	(19)
40	HT Engineering GmbH	Wiesbaden, Germany		24.60	109,116	7,923
41	RQPO Beteiligungs GmbH	Frankfurt am Main, Germany		49.00	30	1
42	RQPO Beteiligungs GmbH & Co. Papier KG	Frankfurt am Main, Germany		44.10	704	(31)

1) proportionately consolidated
2) (consolidated) financial statements not issued

Glossary

Carried interest
Profit-share entitlement to a fund management company or its managers linked to the performance of managed private equity funds. After fund investors have received a minimum return on their invested capital, fund managers can achieve a superior profit share.

Co-investment fund
A third-party fund managed by Deutsche Beteiligungs AG that co-invests alongside Deutsche Beteiligungs AG or, if appropriate, other financial investors. Investors commit a certain amount of capital which is successively drawn down as soon as fitting investment opportunities arise. Following the sale of the fund's investments, the proceeds are paid to the investors. A co-investment fund in Germany is generally organised as a limited partnership ("Kommanditgesellschaft").

Corporate Governance
Standards for the management and supervision of companies defining the spheres of accountability for supervisory boards, management boards, shareholders and other stakeholders.

Deal flow
Sum of investment opportunities offered to an investment company. Deutsche Beteiligungs AG endeavours to have early knowledge of investment opportunities; it uses its closely-knit network to that end.

D&O insurance
Directors and Officers' Liability Insurance; an insurance for members of supervisory boards and management boards of legal entities covering legal liabilities for wrongful acts committed in their capacities as management and supervisory board members.

Designated sponsor
Consultant to a securities issuer. Designated sponsors ensure a minimum amount of liquidity of a certain security traded on the stock exchange by inputting immediately marketable buy or sell offers with a low spread into the trading system for that security, consecutively or upon request.

Discounted cash-flow method
Procedure used to measure the enterprise value, determined by the sum of discounted cash flows expected in the future. Discounting is performed using an interest rate for a long-term risk-free investment plus a risk premium.

Dow Jones STOXX Private Equity 20 Index
European private equity index. Tracks the performance of the 20 largest listed private equity companies in western Europe; the shares of Deutsche Beteiligungs AG are a constituent of the index.

EBIT
Abbreviation for earnings before interest and taxes. An absolute indicator, determined on the basis of net income before taxes, net interest and extraordinary earnings. This indicator reveals a company's operative profitability, independent of its individual equity structure.

Exit
The sale of an investment from a financial investor's portfolio. Principally, there are three exit routes: trade sale (sale to another company), initial public offering (stock market listing) or secondary buyout (sale to another financial investor). Deutsche Beteiligungs AG considers all three variants in realising its investments.

Fair disclosure
Efforts to communicate the corporate information required to assess a certain security to all market participants simultaneously.

Fair value
The current amount for which an investment could be exchanged between knowledgeable, willing and independent parties.

Fund-raising
The soliciting of equity commitments to a private equity fund.

Growth financing investment

Minority investment in an enterprise, generally with the objective of preparing for a public offering.

IFRS

International Financial Reporting Standards; accounting standards that have been obligatory for quoted companies in the European Union since 2005. A major difference compared with the German accounting standards (HGB) is the valuation of financial assets by their fair value at the respective balance sheet date. This value may exceed their historical acquisition cost.

LPX50

Global private equity performance index; the LPX50 consists of the 50 largest quoted private equity companies worldwide, measured by their market capitalisation. The shares of Deutsche Beteiligungs AG are a constituent of the LPX50.

M&A market

Mergers & Acquisitions; market for negotiating businesses or shares in businesses to buyers and sellers.

Market capitalisation

Current stock market value of a class of shares: number of issued shares multiplied by their current price.

MBO

Management buyout; the takeover of a company by its management with the support of one or more financial investors who finance the transaction.

Mid-market segment

The market for investment transactions is divided into three segments: transactions with a value of less than 50 million euros are considered "small"; next comes the mid-market segment with transactions valued from 50 to 300 million euros; transactions with a value of more than 300 million euros form the upper market segment.

Multiples method

Method used to value enterprises; determined by multiplying a relevant indicator (e.g. EBIT) by a multiple derived from current market prices. This multiple is calculated on the basis of the quotient derived from a peer group of companies and their respective earnings indicators.

Net asset value (NAV)

Market value of all tangible and intangible assets of a company less its liabilities. This value corresponds to the equity in accordance with the IFRS. The net asset value per share (or equity per share) is a key indicator used in assessing the value of a quoted private equity company.

Peer group

A group of companies similar in terms of industry, structure, products and revenues, used for comparison purposes.

Portfolio

Here: all the holdings of an equity investment company.

Prime Standard

Segment on the German Stock Exchange with high standards of transparency. Admission to the Prime Standard is a prerequisite for inclusion in one of the stock indices, such as the S-Dax.

Private equity

Private capital; capital provided to non-quoted companies for the mid to long-term.

Public-to-private

Delisting of a quoted company; sometimes referred to as taking private.

Return on equity (NAV) per share

Key target and performance indicator of Deutsche Beteiligungs AG (is equal to return on NAV per share). The closing NAV per share at the end of the financial year is set against the opening NAV per share at the beginning of the financial year, less dividends paid in the course of that year.

Secondary buyout

A kind of second management buyout: the financial investor and MBO managers sell to the next generation of managers and to a new private equity investor.

Spin-off

The splitting off of a division or subsidiary from a company/large corporation and the creation of an independent company.

Stock options

Rights granted for the purchase of a company's stock at a fixed price (or a price determined on the basis of a certain scheme). Deutsche Beteiligungs AG had installed a stock option programme in 2001; the final stock options were exercised in financial year 2008/2009.

Trade sale

The sale of an investment to a company that wants to complement its product portfolio, expand its market presence or achieve other strategic goals.

Transaction value

Value of the debt-free enterprise.

Venture capital

Risk capital; mostly private capital provided to start-ups or emerging businesses.

Xetra

Electronic market trading system

Contact
and financial calendar

Shareholder information

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Forward-looking statements

This 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.

The Annual Report is published in German and in English. The German version of this report is authoritative.

Imprint

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Financial calendar

Annual Press Conference 2008/2009, Frankfurt	29 January 2010
Analysts' Conference, Frankfurt am Main	29 January 2010
Road Show Zurich/Geneva	1/2 February 2010
Road Show London/Edinburgh	3/4 February 2010
Road Show Paris	8 February 2010
Road Show New York	17/18 February 2010
Report on the First Quarter Analysts' Conference Call	17 March 2010
Annual Meeting 2010, Frankfurt am Main	24 March 2010
Dividend payment 2010	25 March 2010
Report on the Second Quarter Analysts' Conference Call	14 June 2010
Report on the Third Quarter Analysts' Conference Call	14 September 2010
German Equity Forum 2010	November 2010
Annual Press Conference 2009/2010, Frankfurt am Main	January 2011

Five-year financial summary

		2008/2009	2007/2008	2006/2007	2005/2006	2004/2005
Development of portfolio and value						
Investments	€mn	4	14	40	22	24
"Portfolio value" (31 Oct.) [1]	€mn	123	127	189	121	197
Number of investments (31 Oct.)		19	21	30	32	35
Earnings position						
EBIT	€mn	20.4	(60.5)	150.8	89.1	41.6
Earnings before taxes (EBT)	€mn	22.4	(55.3)	155.6	90.9	42.3
Profit/(loss) for the year	€mn	19.6	(51.1)	136.5	82.7	41.3
Consolidated retained profit	€mn	52.6	29.2	118.2	57.2	35.5
Financial position						
Cash flows from operating activities	€mn	(3.5)	3.0	(2.6)	(4.1)	(35.6)
Cash flows from investing activities	€mn	28.8	11.2	65.4	169.3	132.3
thereof, proceeds from disposals of financial assets	€mn	33.0	25.7	106.1	191.0	156.5
thereof, purchase of financial assets	€mn	(4.3)	(14.5)	(40.7)	(21.7)	(24.1)
Cash flows from financing activities	€mn	(5.5)	(57.3)	(71.4)	(40.7)	(57.1)
Change in cash funds [2]	€mn	14.7	(119.7)	(9.0)	124.0	39.5
Asset position						
Non-current assets	€mn	163.4	147.2	211.3	124.6	201.1
Current assets	€mn	127.1	125.1	183.0	195.5	65.2
thereof, cash and short-term securities	€mn	109.5	105.2	155.8	164.7	40.7
Equity	€mn	259.0	244.8	353.6	289.0	246.6
Liabilities/provisions	€mn	31.5	27.4	40.8	31.1	19.7
Total assets	€mn	290.5	272.3	394.4	320.1	266.3
Key indicators						
Return on NAV/equity per share after taxes [3]	%	8.2	(17.5)	56.2	36.4	20.0
Equity as a percentage of total assets	%	89.1	89.9	89.7	90.3	92.6
Long-term asset coverage	%	166.1	173.3	175.4	234.7	123.9
Information on shares [4]						
Cash flow per share [5]	€	0.68	0.52	3.00	4.96	1.79
Earnings per share	€	1.44	(3.73	9.20	5.02	2.27
NAV/equity per share	€	18.94	17.90	25.09	19.07	14.64
Dividend per share (2008/2009: recommended)	€	0.40	0.40	1.00	0.50	0.33
Surplus dividend/bonus per share (2008/2009: recommended)	€	0.60	-	2.50	2.50	0.33
Total amount distributed [6]	€mn	13.7	5.5	47.9	45.5	11.1
Number of shares at end of FY		13,676,359	13,676,359	14,403,864	15,153,864	16,837,329
thereof, held by the company				313.367		
Share price at end of FY	€	15.55	10.45	24.10	17.35	13.25
Market capitalisation at end of FY	€mn	212.7	142.9	347.1	262.9	223.1
Number of employees		**49**	**48**	**47**	**44**	**50**

[1] Without interests in shelf companies and companies that are mainly attributable to third parties
[2] In financial year 2007/2008 cash funds were shifted to short-dated government-guaranteed bonds; in conformity with the IFRS this regrouping is subject to disclosure as an investment, therefore resulting in a "change in cash funds"
[3] Change in net asset value (equity) per share in relation to opening net asset value (equity) per share at beginning of reporting period, less dividends
[4] Partly adjusted; earnings and cash flow per share in relation to weighted average number of shares outstanding
[5] Result for period less value changes to financial assets and loans and receivables, plus depreciation and amortisation on property, plant and equipment and intangible assets
[6] Relates to respective financial year; 2008/2009: recommended