Deutsche Beteiligungs AG

HALF-YEARLY FINANCIAL REPORT

AT 31 MARCH 2017
1ST HALF-YEAR AND 2ND QUARTER
2016/2017

AT A GLANCE

Stock exchange-listed Deutsche Beteiligungs AG invests in well-positioned mid-sized companies with growth potential in selected sectors. With our experience, expertise and equity, we support our portfolio companies in implementing their sustainable value-creating corporate strategies. Our entrepreneurial approach to investing has made us a sought-after investment partner in the German-speaking region. We have achieved superior performance over many years – for our portfolio companies as well as for our shareholders and investors.

FINANCIAL HIGHLIGHTS

		1st half-year 2016/2017	1st half-year 2015/2016 restated[1]	**2rd quarter 2016/2017**	2rd quarter 2015/2016 restated[1]
Private Equity Investments segment					
Net result of investment activity	€mn	47.7	36.4	30.2	3.6
Net income before taxes	€mn	41.9	32.3	27.7	1.3
Cash flow portfolio	€mn	0.0	0.0	18.5	39.5
Net asset value (at end of period)	€mn	401.7	331.9		
thereof portfolio value (at end of period)	€mn	341.4	257.6		
Number of investments (at end of period)		26	24		
Fund Investment Services segment					
Fee income from fund management and advisory services	€mn	12.8	10.1	7.6	4.9
Net income before taxes	€mn	2.2	(0.4)	2.3	(0.2)
Assets under management or advisement (at end of period)	€mn	1,809.2	943.6		
Earnings before taxes (EBT)	€mn	44.1	31.9	30.0	1.1
Net income	€mn	44.1	32.0	30.0	1.2
Retained profit	€mn	176.6	133.1		
Equity (at end of period)	€mn	395.0	321.6		
Earnings per share[2]	€	2.93	2.34	1.99	0.09
Equity per share	€	26.26	23.51		
Change in equity per share[3]	%	12.36	11.10	8.22	0.45
Employees (at end of period, incl. apprentices)		67	58		

1 Restated after adjustment for amendments to IFRS 10 (see 2015/2016 Annual Report, p. 116 and note 2 of the condensed notes to the financial statements at 31 March 2017)
2 Relative to weighted number of shares outstanding in each period
3 Change in equity per share relative to opening equity per share at beginning of period (less the sum proposed for dividend payment)

CONTENTS

HALF-YEARLY FINANCIAL REPORT
AT 31 MARCH 2017

5
LETTER TO OUR SHAREHOLDERS

6
DBAG SHARES

10
INTERIM MANAGEMENT REPORT ON THE 1ST HALF-YEAR AND 2ND QUARTER OF FINANCIAL YEAR 2016/2017

11 . THE GROUP AND UNDERLYING CONDITIONS
19 . BUSINESS REVIEW OF THE GROUPS
34 . SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD
34 . OPPORTUNITIES AND RISKS
35 . FORECAST

36
INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2017

37 . CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
38 . CONSOLIDATED STATEMENT OF CASH FLOWS
39 . CONSOLIDATED STATEMENT OF FINANCIAL POSITION
40 . CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
41 . CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
44 . CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (RESTATED)
45 . CONSOLIDATED STATEMENT OF CASH FLOWS (RESTATED)
46 . CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2016 (RESTATED)
47 . CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 1 OCTOBER 2015 (RESTATED)
48 . CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (RESTATED)

65
OTHER INFORMATION

65 . STATEMENT OF RESPONSIBILITY
66 . AUDITOR’S REPORT
67 . PORTFOLIO COMPANIES
68 . FINANCIAL CALENDAR
69 . ORDER SERVICE

First two MBOs shortly after start of DBAG Fund VII

First MBO alongside DBAG ECF

Grohmann Engineering and FDG divested; divestment of Romaco agreed

Net income
44.1
million euros

Uplift of forecast

LETTER TO OUR SHAREHOLDERS

Frankfurt am Main, 8 May 2017

Dear Shareholders,

“Setting the course. Enabling growth.” After the first six months of this financial year, it is now evident what we mean by that motto: Without strategically setting the course, which we did with both of our fundraising campaigns in 2016, two of our four most recent transactions would not have been possible. Since the beginning of the financial year, we have initiated investment decisions on more than 200 million euros, about 45 million of which come from the balance sheet of DBAG. For the first time, DBAG ECF structured a majority investment. And thanks to the special structure of DBAG Fund VII, we can now realise a concept to build a group of companies, which requires more equity capital than we usually invest in a transaction. We are using the top-up fund, part of the structure of DBAG Fund VII, to achieve that goal.

Establishing this structure in the market is one of the accomplishments for which the independent jury of the Private Equity Awards 2017 has honoured us as the “Continental Regional House of the Year”. DBAG also won in a second category, the 2017 Private Equity Award for “Deal of the Year” in our market segment, where we were recognised for the successful development of Broetje-Automation, which we divested last year.

We are able to report on successful realisations in the current financial year as well. Until now, three divestments have been agreed – in two instances with strategic buyers. The divestments have contributed to very satisfactory net income for the six-month period.

Our portfolio contains further investments for which the change process initiated at the outset of the investment is now well advanced. These companies have increased in value and they are attracting interest in the market. That is one reason why we were able to raise our forecast for the current financial year. Despite the world’s many trouble spots and factors of unrest, we are confident about the remaining months of the financial year. In 2016/2017, we expect net income will significantly exceed that of the preceding year determined on a comparable basis, in other words by more than 20 percent; this would correspond to net income for 2016/2017 of at least 56 million euros.

The Board of Management of
Deutsche Beteiligungs AG

Torsten Grede | Dr Rolf Scheffels | Susanne Zeidler

DBAG SHARES

Private equity – An attractive asset class

Private equity improves the equity structure of primarily mid-market businesses and generates growth by strengthening a company's innovation capacity and competitiveness, on the one hand, and by achieving an appropriate return on the invested capital, on the other. Comparisons with listed companies or those in family ownership show that businesses financed by private equity exhibit stronger growth, pursue a more targeted strategy, have a better financing structure and, not least, secure jobs and create new ones. Accordingly, investments in the asset class of private equity frequently stand out from other equity investments, particularly from stocks, by generating excess returns. For that reason, private equity has become an integral part of institutional investment strategies, from which capital commitments to DBAG funds, for example, are sourced.

Closed-end private equity funds typically provide access to the asset class of private equity. These require investing a substantial minimum amount and committing capital for ten years or more. In contrast, listed private equity companies provide access to this attractive asset class for the price of a share, which can be bought or sold on a daily basis and in keeping with internationally recognised transparency standards.

DBAG shares create access to a continual stream of income contributions generated by our investment services to private equity funds, while also allowing shareholders to profit from the performance of a portfolio of strong "Mittelstand" companies, which are not listed themselves. Our shareholders have benefited from this business model through superior total returns on their shares, which derive, not least, from high dividend distributions.

Capital market communication

Our intensive dialogue with investors and financial analysts remained ongoing in financial year 2016/2017. We used diverse communication channels, particularly personal meetings, press and analysts' conferences and selected stock market conferences. Over the first six months of 2016/2017, we met with investors on six days to present DBAG shares; for the second half of the financial year we have scheduled at least another ten days of meetings with investors.

In the new financial year, we have again reduced the time from the period-end to publication date. For the first three quarters, our financial calendar meanwhile shows a maximum of 40 days from the period-end to publication date; we plan to issue preliminary annual results for the 2016/2017 financial year on 23 November 2017.

Share price trend and analysts' recommendations

DBAG shares: Very satisfactory short and long-term performance

For extended periods during the financial year, DBAG shares basically moved parallel to the market. They reached their half-year low of 29.59 euros on 13 October 2016. In the period prior to the Annual Meeting, our high-dividend shares once more enjoyed heavy demand, which led to a strong price rise. After that, the share price initially fell more strongly. Currently, DBAG shares have again reached the overall market level and exceeded the S-Dax trend. Compared with the S-Dax, DBAG shares are now clearly showing outperformance.

PERFORMANCE OF DBAG SHARES AND BENCHMARK INDICES

(1 October 2016 – 30 April 2017, indexed to: 1 October 2016 = 100)

On balance, our shares registered a strong gain over the past course of the financial year and, with a total return of 8.9 percent up to the period end on 31 March 2017, matched the performance of the S-Dax and the LPX 50[1]. When this report was finalised, DBAG shares succeeded in closing the gap to the performance of the Dax, which had gained some 15 percent since the beginning of the financial year.

Share liquidity: Trading volume below previous year's level

A key objective of our capital market communication is to achieve a fair assessment of our shares. Our efforts to stimulate trading in our shares serve that purpose, since the price-setting process is more efficient for liquid securities.

DBAG SHARE DATA[1]

		1st half-year 2016/2017	1st half-year 2015/2016	1st half-year 2014/2015	1st half-year 2013/2014	1st half-year 2012/2013
Closing rate start of half-year	€	30.38	24.95	21.96	19.30	19.24
Closing rate end of half-year	€	31.95	26.95	29.77	19.40	18.44
High (closing rate)	€	36.40	29.76	33.94	22.83	21.93
Low (closing rate)	€	29.59	23.53	21.96	18.50	17.27
Market capitalisation[2] – total	€mn	480.7	368.6	407.1	265.3	252.2
Average volume per trading day[3]	No.	31,061	32,425	75,001	33,441	33,939
Average turnover per trading day[3]	€mn	1.019	0.875	2.205	0.703	0.683

1 "1st half-year 2016/2017" and "1st half-year 2015/2016" comprise the period from 1 October to 31 March of the following year; the other periods extend from 1 November to 30 April of the following year
2 End of half-year period
3 Stock-exchange traded

1 LPX 50: Global index of the 50 largest liquid listed private equity companies. DBAG shares are included in this index.

In the six-month period to 31 March 2017, DBAG shares did not quite reach the very high trading level recorded in the first half of the preceding 2015/2016 financial year. With an average daily turnover on German stock exchanges of about 1.02 million euros and approximately 31,100 shares – whereby the number of shares outstanding had increased by ten percent – share liquidity, measured by the number of shares traded, was about 40 percent below that of the first half of the preceding financial year. The liquidity of DBAG shares thus failed to keep pace with the total market – the liquidity of S-Dax securities as a whole was greater in the current period than in the equivalent period the previous year. Once again, the month in which the dividend was paid saw the most active trading by far in DBAG shares. In addition to the established stock exchanges, a further 10,000 shares were traded on a daily average during the first six months of 2016/2017 through banks' direct transactions and on new electronic trading platforms[2]. This, too, is less than in the first half-year of 2015/2016 (21,000 shares).

In 2016/2017, as in the past, the second quarter of the financial year, in which the dividend is paid, was the period with the highest trading activity. Average daily turnovers between January and March 2017 were more than twice as high as the turnover in the first quarter. Approximately 57 percent of the total turnover was Xetra-traded (first half-year 2015/2016: 44 percent).

Research: Positive recommendations predominate

Five banks regularly monitor DBAG shares. In addition, we have mandated two other institutions to issue research on our shares. Our aim is to ensure that as large a group of potential investors as possible becomes aware of the opportunities inherent in the development of our Company. Research reports have underscored that our business model differs from that of many other private equity firms, particularly those of investment trusts listed on the London Stock Exchange, due our own investment team and the value contribution stemming from fund investment services.

Analysts' buy recommendations currently predominate. The average upside target (universe: five) at the period end was 38.46 euros. Analysts' ratings are regularly documented on our website.

Dividend

One of our financial objectives is to have our shareholders participate in the Company's performance through regular dividends, if at all possible. In keeping with that objective, the dividend yield on DBAG shares has been attractive, both in general terms and compared to those of other listed private equity firms.

At the end of February, we distributed the dividend for the 2015/2016 financial year; all 15,043,994 shares were entitled to dividends. From the retained profit of 51.4 million euros, the Company disbursed a dividend of 1.20 euros per share, or a total of 18.1 million euros. Relative to the average market price in financial year 2015/2016, this represents a dividend yield of 4.4 percent.

The distribution was, for the first time, aligned to the new dividend policy defined last year. We have discontinued our policy of dividing the distribution between a base and a highly volatile surplus dividend. Our intention is to pay a stable dividend, which will increase whenever possible. We believe that this policy is even more shareholder-friendly and facilitates market expectations.

Shareholder profile

Since July 2013, the shares in Deutsche Beteiligungs AG have traded as registered shares. This creates a certain transparency on the profile of our group of shareholders. At the period end on 31 March 2017, nearly 43 percent of the shares were owned by private shareholders, which is about two percentage points less than at the annual reporting date on 30 September 2016 and four percentage points less than one year ago. At 31 March 2017, approximately 15,970 private individual shareholders and shareholder pools were registered, an increase of 13 percent compared to a year ago.

As in the past, two shareholders each hold more than five percent of the shares: Rossmann Beteiligungs GmbH announced in April 2015 that it had fallen below the 20-percent threshold and, based on the former number of shares at that time, held 19.9 percent in DBAG. Based on comparable information (voting rights notification March 2013), Anpora Patrimonio, a family office sited in Spain, holds approximately five percent of the shares. 81.9 percent of DBAG shares were in free-float ownership at the reporting date, as defined by Deutsche Börse.

2 Source: Bloomberg

BASIC DATA

ISIN	DE 000 A1T NUT 7
Symbol	DBAGn (Thomson Reuters)/DBAN (Bloomberg)
Listings	Frankfurt (Xetra and trading floor), Berlin-Bremen, Dusseldorf, Hamburg, Hanover, Munich, Stuttgart
Market segment	Regulated Market (Prime Standard)
Index affiliation (selection)	S-Dax (rank 38[1]); Classic All Share; C-Dax; Prime All Share; Deutsche Börse sector indices: DAXsector All Financial Services, DAXsubsector Private Equity & Venture Capital, LPX Buyout, LPX Europe, LPX50, Stoxx Private Equity 20
Designated sponsors	Bankhaus Lampe KG (since May 2017), M.M.Warburg & CO (AG & Co.) KGaA, Oddo Seydler Bank AG
Share capital	53,386,664.43 euros
Number of shares issued	15,043,994
thereof outstanding	15,043,994
First traded	19 December 1985

1 At 31 March 2017, measured by market capitalisation (liquidity measure ranking: 49)

INTERIM MANAGEMENT REPORT

on the 1st half-year and 2nd quarter of financial year 2016/2017

The Group and underlying conditions

Structure and business activity

Positioning: Listed private equity company

Deutsche Beteiligungs AG (DBAG) is a publicly listed private equity company. It initiates closed-end private equity funds ("DBAG funds") for investment in equity or equity-like financial instruments predominantly in non-quoted companies. Employing its own assets, it enters into investments as a co-investor alongside the DBAG funds. Its investment focus as a co-investor and fund manager ("fund investment services") is on German "Mittelstand" companies.

DBAG shares have been listed on the Frankfurt stock exchange since 1985. They are traded in the Prime Standard, the market segment with the highest transparency level.

Deutsche Beteiligungs AG is recognised as a special investment company as defined by German statutory legislation on special investment companies (Gesetz über Unternehmensbeteiligungsgesellschaften – UBGG) and is therefore exempt from municipal trade tax. It is also registered as a capital management company in accordance with the German Capital Investment Code (Kapitalanlagegesetzbuch – KAGB).

Integrated business model: Two business lines that are closely tied to DBAG funds

The roots of Deutsche Beteiligungs AG reach back to 1965. Since then, DBAG and its predecessor company have entered into equity investments in more than 300 companies – from the outset (also) through closed-end funds that invest on their own account. Today, DBAG funds pool the assets of German and international institutions.

Raising capital for DBAG funds is advantageous both for DBAG and its shareholders as well as for the investors in the funds. The funds' assets create a substantially larger capital base, which enables investing in larger companies without reducing the diversity of the portfolio. Moreover, as a special investment company, DBAG is not permitted to take majority positions by itself; structuring management buyouts together with the DBAG funds is, however, possible. The fund investors can, in turn, be assured that their advisor, in its role as a co-investor alongside the fund, pursues the same interests. Finally, shareholders additionally participate in the fee income earned for managing and advising DBAG funds ("fund investment services").

Currently, there are five DBAG funds that are in different phases of their life cycles:

- Buyout fund DBAG Fund IV has sold all of its portfolio companies; it is now in liquidation.
- Its follow-on fund DBAG Fund V is in the disinvestment phase. Of the eleven original investments, seven had been divested at the period end on 31 March. A further disinvestment was agreed after the period end.
- DBAG Fund VI ended its investment phase in December 2016 and holds investments in eleven management buyouts.
- DBAG ECF is still in its investment phase. At the period end, it had provided growth financing to eight companies and was 61 percent invested. Its first management buyout was agreed after the period end.
- DBAG initiated DBAG Fund VII in 2016. The fund's investment period started in December 2016; one investment decision had been taken up to the period end on 31 March 2017, a further one at the beginning of April.

Fund		Start of investment period (vintage)	End of investment period	Size	Thereof DBAG	Investment ratio Fund : DBAG
DBAG Fund IV	Managed by DBG New Fund Management	September 2002	February 2007	€322mn	€94mn	1 : 3.4 (29%)
DBAG Fund V	Managed by DBG Managing Partner	February 2007	February 2013	€539mn	€105mn	1 : 5.1 (19%)
DBAG ECF	Managed by DBG Managing Partner	May 2011	May 2017	€212mn	€100mn	1 : 2.1 (47%)
DBAG Fund VI	Advised by DBG Managing Partner	February 2013	December 2016	€700mn [1]	€133mn	1 : 5.3 (19%)
DBAG Fund VII	Advised by DBG Managing Partner	December 2016	December 2022	€1.010mn [1,2]	€200mn [3]	1 : 4.4 (22.6%) and 1 : 11,9 (8.4%)

1 Without the co-investment of the experienced members of the DBAG investment team
2 DBAG Fund VII consists of two sub-funds: a principal fund (€808mn) and a top-up fund (€202mn); the top-up fund exclusively invests in transactions with an equity capital investment of more than €100mn.
3 DBAG has committed €183mn to the principal fund and €17mn to the top-up fund.

Fund Investment Services business line

Fees for services to DBAG funds as a source of income

The Fund Investment Services business line provides management and advisory services to DBAG funds.

The range of services in this business line is broad: we seek, assess and structure investment opportunities, negotiate investment agreements, compile investment memoranda for the fund manager, support the portfolio companies during the holding period and realise the funds' portfolios. Fund management activities also include taking investment and disinvestment decisions.

DBAG receives volume-related fees for these investment services, which constitute a continual and readily forecastable source of income. For DBAG Fund V, DBAG Fund VI and DBAG Fund VII, fees during the investment phase are based on the committed capital (in the current financial year up to December 2016, DBAG Fund VI and thereafter DBAG Fund VII[3]). After that, they are measured by the invested capital (since December 2016 DBAG Fund VI, DBAG Fund V). For the remaining investment period of DBAG ECF, fees are based on the invested capital. When the investment period starts for the first new vintage, we will also receive one-off fees based on individual transactions beginning in June 2017.

It follows from the fee methodology that fee income will decline with every exit from a portfolio. An increase can only be achieved when a new fund is raised.

Advisory services by the investment team

We support our portfolio companies for a period of usually four to seven years as a financial investor in a focused-partnership role with the objective of appreciating the companies' value. The process accompanying our investment can be structured in three phases: first, we identify and assess transaction opportunities ("investing"); second, we support the portfolio companies' development process ("developing"); before we, third, realise the value appreciation ("realising") upon a portfolio company's well-timed and well-structured disinvestment. The portfolio companies subsequently continue their development under a different constellation, for example, alongside an industrial partner, a new financial investor or as a quoted company.

We steer this process with our own resources in tried-and-true workflows, primarily through the investment team, which consists of 25 investment professionals[4] and is led by two Board of Management members. The team has a broad skill set combined with multifaceted experience in the investment business. It is supplemented by four employees in Research and Business Development.

3 Fees for the top-up fund are also based on the invested capital during the investment phase.
4 Including the members of the Board of Management

A project team of two to four individuals is generally responsible for each transaction and is always supported by a member of the Board of Management. One member of the project team will take a seat on the respective portfolio companies' advisory council or supervisory board in order to support their managements.

The auxiliary functions for the investment process and the administrative activities are bundled under the Chief Financial Officer, whose responsibilities also include investment controlling and risk management.

The experienced members of the investment team (twelve of 25) personally invest their own money in the transactions of DBAG funds. This is in compliance with fund investors' expectations (as is common in the industry), who, for reasons of identity of interest, expect such a private co-investment.

Investment team supported by widespread network

The investment team can rely on an extensive network, the nucleus of which is an "Executive Circle" consisting of 51 contractually associated expert partners. The members of the Executive Circle support us in identifying and originating investment opportunities, assist us in assessing certain industries or back us prior to making an investment in a particularly comprehensive due diligence process. The Circle comprises experienced industrial experts, including partners of former investment transactions, and its members cover all core sectors. It is regularly being expanded, with new members joining from other sectors as well. The network is supplemented by an extended group of bank representatives, consultants, lawyers and auditors.

Private Equity Investments business line

Value creation on investments as a source of income

The business line of Private Equity Investments largely encompasses interests in mid-market companies; DBAG's investments are held through investment entity subsidiaries. DBAG co-invests through these entities at the same terms in the same companies and in the same instruments as the other entities of a fund do. To that end, DBAG has concluded co-investment agreements with the DBAG funds; these provide for a fixed investment ratio for the lifetime of a fund. Exits also occur in parallel to the agreed ratios. Income derives from the value appreciation and realisations of these investments.

DBAG's investment strategy derives from the strategies of the current funds. This strategy can – generally when a new fund is raised – be adapted to the Company's development or market changes. For instance, in 2011 we launched a fund for growth financings, which was targeted to tie in with the success experienced over many years with numerous similar investments. Since the beginning of this year, DBAG ECF can also structure management buyouts in a specific market segment; in individual cases, DBAG Fund VII also engages in investments larger than those generally made in the past. Overall, DBAG is now able to cover a larger spectrum of the demand for private equity in Germany's "Mittelstand".

The modes and specific structuring of investments are geared to individual financing situations. These could be

- a generational transition in a family-owned business,
- split-offs of peripheral activities from large corporations,
- a sale from the portfolio of another financial investor,
- a capital requirement to fund a company's growth.

Correspondingly, an investment can involve equity or equity-like instruments and taking either majority or minority positions. The first three financing situations mentioned above will usually be structured as majority acquisitions. Growth financings, on the other hand, are made by way of a minority interest or by providing equity-like funding.

Portfolio profile: Largely MBOs and expansion financings

The largest part of DBAG's portfolio[5], or 72 percent, is attributable to co-investments in 16 management buyouts. In addition, there were eight expansion capital investments (26 percent of portfolio value) as well as investments in two international buyout funds (two percent) in the portfolio; the latter consist of older investments that are gradually being liquidated through the sale of the underlying investments.

Our track record confirms the success of our investment activity: since 1997, DBAG has financed 40 MBOs together with DBG Fonds III, DBAG Fund IV, DBAG Fund V and DBAG Fund VI. We increased the value of the invested capital 2.1x[6]. Of these investments, 24 have been realised completely or for the most part up to the end of the reporting year. These realisations have generated 2.6x the invested capital.

Expansion capital investments are also attractive. These investments differ from MBOs in that, among other things, the companies' debt levels are mostly lower and the holding periods are usually longer. The rates of return are therefore lower than those of MBOs, while earnings in absolute terms are comparable.

Long-term financing of co-investments via the stock market

DBAG finances the co-investments alongside DBAG funds in the long term exclusively through the stock market. Its balance sheet structure attests to the special nature of the private equity business with investments and realisations that are not schedulable. The Company maintains sufficient liquidity in order to take advantage of investment opportunities and meet co-investment agreements alongside the funds at any time. Loans are only used in exceptional cases and only to serve short-term liquidity requirements. For longer planning horizons, we manage the amount of equity capital via distributions, share repurchases (as in 2005, 2006 and 2007) and capital increases (2004, 2016).

Objectives and strategy

Objective: To sustainably increase the value of DBAG through growth in both lines of business

The core **BUSINESS OBJECTIVE** of our activity is to sustainably increase the value of Deutsche Beteiligungs AG. We achieve this by generating value contributions from both our lines of business, which influence each other reciprocally and positively: since DBAG co-invests alongside its funds, the performance of its investment activity also contributes to the success of its fund services business, because a track record of excellent performance for existing investors is crucial when raising new funds.

The Private Equity Investments business line delivers the greatest value contribution. The value of DBAG is therefore determined, first and foremost, by the value of its portfolio companies. To grow that value, DBAG supports the portfolio companies during a phase of strategic development in its role as a financial investor in a focused partnership – usually over a period of four to seven years. Value is built over that period. That value is mostly realised when the investment is exited; for expansion financings, this partially takes place during the holding period by way of current distributions. Investment decisions are based on assumptions in respect of the holding period and realisable value gains upon an investment's ultimate disposal. The targeted average annual internal rate of return (IRR) is approximately 20 percent for expansion financings and 25 percent for MBOs.

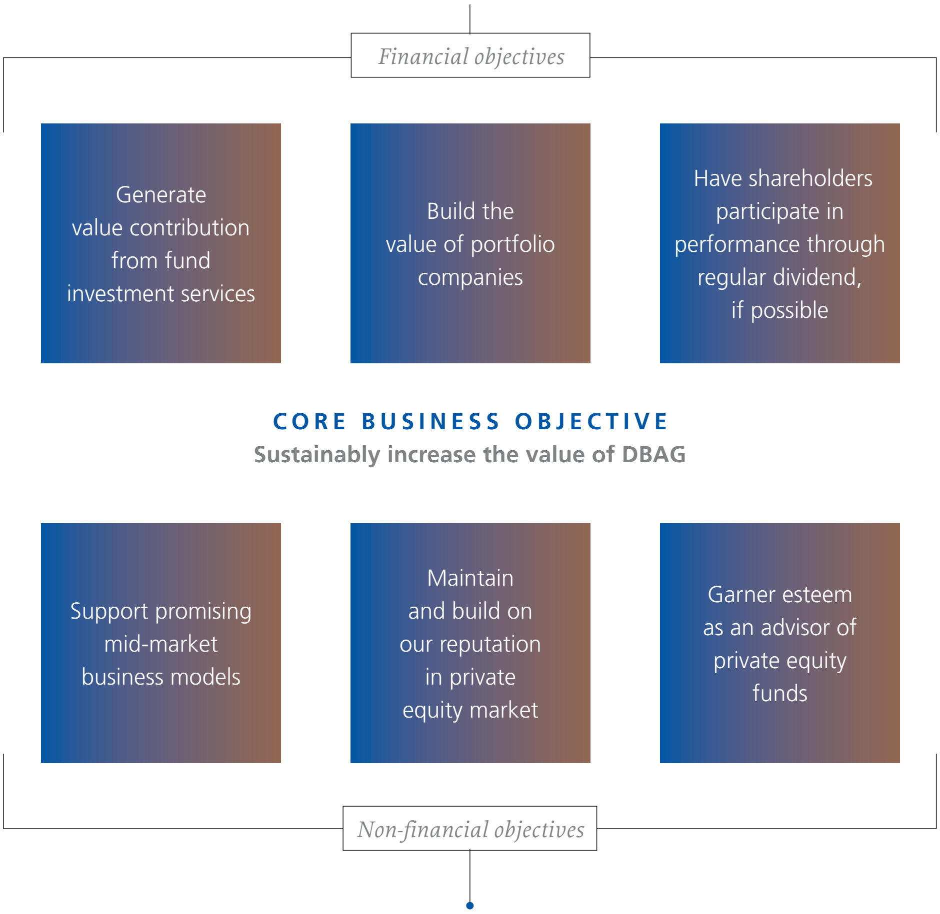
5 All disclosures concerning the composition of the portfolio (also referred to as portfolio value) relate to the value of the investments held directly and indirectly through investment entity subsidiaries at 31 March 2017 totalling 341.4 million euros.
6 Considers all buyouts structured up to 31 March 2017; does not include agreed, but not yet completed transactions

The performance of the Fund Investment Services business line requires an appreciable, preferably increasing level of managed and/or advised assets over the medium term; it is measured by sustainable growth in fee income for these services and their surplus over the relevant expenses.

As is common in the private equity sector, the measure for our performance is a period of ten years. Support for portfolio companies in their development is limited in time; our portfolio is therefore subject to constant change. This, and the influence of external factors on value growth, could entail strong fluctuations in performance from year to year. Income from fund investment services is significantly influenced by the initiation of new funds, which occurs approximately every five years, while the lifetime of a fund generally extends to ten years. Only when viewed over a sufficiently long period of time is it possible to assess whether we have reached the core objective of our business activity. We measure an individual year's performance contribution by comparing it to a ten-year average. On average over this ten-year period, we aim to increase the equity per share by an amount that significantly exceeds the cost of equity.

We intend to have our shareholders participate in DBAG's ability to generate financial gains by paying stable dividends that, whenever possible, will increase. By the nature of our business model, investments may predominate in some years, and disinvestments in others. In years of sizeable gains from profitable realisations, future liquidity requirements for co-investments and the dividend capacity will play a significant part in the decision on the distribution rate.

OBJECTIVES OF DEUTSCHE BETEILIGUNGS AG



The total return to shareholders therefore derives from the gain in the Company's value in terms of equity per share, plus dividends paid.

Besides its financial targets, Deutsche Beteiligungs AG also pursues a set of **NON-FINANCIAL OBJECTIVES**. We aim to support the development of promising mid-market business models and therefore give our portfolio companies the leeway they need to successfully pursue their strategic development – with our equity as well as with our experience, knowledge and network. Our portfolio companies should remain well poised beyond DBAG's investment period. We believe that the value of our investments at the time of their disposal will be particularly high, if the prospects for their further progress are favourable after we exit them.

By successfully supporting our portfolio companies, we want to strengthen the standing we have built in the private equity market over more than 50 years and underpin our good reputation. We are particularly successful as an investment partner to mid-market family-owned businesses: in comparison with the overall private equity market, we structure three times as many buyouts of companies originating from family ownership. We are convinced that an appropriate consideration of the interests of all stakeholders in conjunction with an investment also serves to fortify our reputation. For that reason, we also regard ESG (Environmental, Social and Governance) principles, which include compliance with our business policies.

The assets of the DBAG funds constitute a substantial part of DBAG's investment base. The funds are organised as closed-end funds; regularly raising successor funds is therefore a requirement. This will only succeed if investors in current funds achieve commensurate returns and we are perceived to be reliable and trustworthy. We therefore attach great importance to open, responsible interaction with the partners in DBAG funds.

Strategy: Investments in German "Mittelstand" companies with potential for development

Broad spectrum of investment criteria

Deutsche Beteiligungs AG invests in established companies with a proven business model. This approach excludes investments in early-stage companies or companies with a strong restructuring need. Moreover, we attach importance to seasoned and dedicated managements who are able to realise the objectives that were mutually agreed.

Target companies should exhibit promising potential for development, for example, by enhancing their strategic positioning or improving operational processes. Such companies are, among other things, characterised by leadership positions in their relevant markets, entrepreneurially-driven managements, strong innovative capacity and future-viable products.

Many such companies can be found in Germany's "Mittelstand", for example, in mechanical and plant engineering, among automotive suppliers and industrial support services providers as well as among industrial component manufacturers. DBAG's investment team has a particularly high degree of experience and expertise in these sectors, since about 80 percent of all transactions in the past 20 years stem from these industries. That is why we are capable of structuring even complex transactions, such as spin-offs from large corporations or acquisitions out of conglomerates or acquisitions of companies with operational challenges. Beyond that, we also find companies with impressive development potential in sectors, such as telecommunication or consumer-oriented services, which have strongly gained in significance in recent years. Geographically, we concentrate on companies domiciled or whose business is centred in German-speaking regions.

We consider a broad range of criteria when taking our investment decisions. We principally examine whether the products and services of potential investee businesses also satisfy the needs arising from changing economic and societal conditions.

We concentrate on mid-market companies, that is, those with annual revenues from 50 million to 500 million euros. Their debt-free enterprise value – irrespective of the type of investment – will generally range from 50 million to 250 million euros. Investments in smaller companies may also be considered, if there is potential for significant growth. The equity invested ranges from ten to about 100 million euros per transaction; the portion attributable to DBAG extends from five to some 20 million euros, depending on the investment ratio between the fund and DBAG. We structure larger transactions with equity investments of up to 200 million euros using the top-up fund of DBAG Fund VII; in these instances, DBAG's capital investment could increase to about 34 million euros per transaction.

We endeavour to achieve a diversified portfolio. For investments in several companies operating in the same industry, we take care that they serve different niche markets or operate in different geographical regions. Most of our portfolio companies operate internationally. This applies to the markets they serve and, increasingly, to their production sites.

Many of our portfolio companies produce capital goods. The demand for these products is generally subject to stronger cyclical swings than the demand for consumer goods. We therefore take particular care that financing structures are resilient. Investments in companies whose performance is more strongly linked to consumer demand mitigate the effects of business cycles on the value of the portfolio.

Investment performance is prerequisite for growth in both business lines

In our Fund Investment Services business line, our aim is to have a successor fund exceed the size of its predecessor. That way, total managed and advised assets will grow on a several-year average and, with that, the basis for fee income from investment services to funds will also grow.

Capital commitments to a (successor) fund are significantly influenced by the performance of a current fund. Thus, a prerequisite for increasing managed and advised assets is, among other things, an excellent track record. Investors also value our investment team's experience, size and network.

In the long term, the portfolio value and, consequently, the earnings basis for value appreciation from the portfolio will only grow if DBAG invests alongside the funds and if the value growth potential inherent in the portfolio companies is subsequently realised. For that reason, the investment performance also determines the growth of the Private Equity Investments business line.

Steering and control

Key performance mark: Return on capital employed

Our business policy is geared to appreciating the value of DBAG over the long term by successful investments in portfolio companies and a successful fund investment services business. It follows from the nature of our business and its accounting methodology that the Company's value may decrease in individual years, since it is largely determined by the fair value of the portfolio companies at the end of a reporting period. That value is, however, also subject to influences beyond DBAG's control, such as those from the stock market. The Company's value is understood to have increased over the long term when, on an average of, for example, ten years, the return on the capital employed per share exceeds the cost of equity. The key performance measure is the return on the Group's capital employed.

We determine it from the equity per share at the end of the financial year and the equity, less dividends, at the start of the financial year.

We derive the cost of equity (rEK) once annually at the balance sheet date based on the capital asset pricing model (CAPM) from a risk-free base rate (rf) and a risk premium for the entrepreneurial risk (ß). The risk premium is determined by also considering a risk premium for the stock market (rM) as well as DBAG's individual risk. The cost of equity is then derived as follows:

$$rEK = rf + ß * rM.$$

We derive the risk-free base rate from a zero bond interest rate with a residual term of 30 years, based on the yield curve at the balance sheet date. At 30 September 2016, this value was 0.5 percent (previous year: 1.5 percent).

The market premium used was an unchanged 7.0 percent.

For the individual risk measure we used an adjusted ß (beta) of 0.6. This value is based on a levered beta factor for DBAG against the C-Dax for five years of 0.56 (at 31 August 2016), which we consider appropriate due to the long-term nature of the business model.

The cost of equity for DBAG thus derived as at the last balance sheet date is 4.7 percent (previous year: 5.0 percent). This calculatory result is strongly influenced by the extremely low interest rate level and the low risk position of DBAG in view of its capital structure.

Controlling: Regular assessment of portfolio companies and of investment performance of DBAG funds

Medium-term performance of portfolio is key measure

The intrinsic value of our shares is determined to a significant degree by the value of the investment portfolio and its development. Valuations may fluctuate strongly at short notice. The reasons are the portfolio companies' susceptibility to industry-related cycles and valuation ratios in the stock markets. Short-term changes therefore ordinarily do not convey a true picture of the success of an investment. We will frequently only know whether a private equity investment can be termed successful after a number of years, upon its disposal. We therefore measure our performance by the average return on capital employed over a longer horizon, and not by the results of a single reporting period.

Because of the particularities of our activity, we do not steer our business by traditional annual indicators such as operating margins or EBIT.

Instead, the key influential parameters at Group level are the several-year average return on capital employed and the medium-term development of the portfolio value. The latter is influenced by the investment progress, the value growth of individual investments as well as their realisation. On an annual basis, we measure the development by the net result of investment activity and net income before taxes that we achieve in our business line of Private Equity Investments.

At portfolio company level, traditional indicators, on the other hand, play a direct role: when taking our decision to invest, we clearly define performance targets based on the business plans developed by the portfolio companies' managements – such as for revenues, profitability and debt. During the time of our investment, we valuate our portfolio companies at quarterly intervals using their current financial metrics (EBITDA, EBITA and net debt). On that basis, we closely follow their progress in a year-over-year and current budget comparison. We also consider other indicators, such as order intake and orders on hand.

Assessment of fund investment services by indicators commonly used in the private equity industry

The performance of our Fund Investment Services business line chiefly derives from the development of the volume of DBAG funds and total assets under management or advisement. The volume of DBAG funds determines the fee income from investment services to funds. In addition to fee income, net income before taxes generated by fund investment services is significantly influenced by the cost of identifying investment opportunities, of supporting the portfolio companies and their ultimate disinvestment.

Ensuring performance: Board of Management members directly involved in all relevant operating processes

As previously mentioned, members of the Board of Management are also involved in the core processes of DBAG's business (i.e. investment management and advisory services). They particularly engage in generating investment opportunities (deal flow) as well as in analysing (due diligence) and negotiating acquisitions and disinvestments. Additionally, they discuss key issues at weekly meetings with those members of the investment team who are involved in transactions or in supporting the portfolio companies.

A key instrument in ensuring performance is the risk management system. The insight gained from the risk management system is discussed on a continual basis at the meetings on the state of the portfolio companies.

Business review of the Group

Macroeconomic and sector-related underlying conditions

Real economy: Global economy recovering, medium-term risks remain

In its forecast of April 2017, the International Monetary Fund (IMF) modestly raised its projection for the global economy: in view of positive developments in the financial markets and emerging recovery in production and trade, the IMF anticipates global growth of 3.5 percent in 2017 and 3.6 percent in 2018[7]. In 2016 the world economy grew by 3.1 percent, according to the IMF. Among the advanced economies, the pick-up is significantly driven by higher projected growth for the United States, a development that reflects greater confidence following the presidential election in November 2016. The outlook for the economies in Germany and the eurozone is somewhat more favourable than in October 2016. For Germany, the IMF expects growth of 1.6 percent in 2017 and 1.5 percent in 2018.

The International Monetary Fund also sees the underlying macroeconomic conditions stabilising in China and Russia. The forecasts for both countries were revised upward in April 2017. By contrast, the outlook for other large emerging markets, especially in Latin America and the Middle East, is clearly subdued.

Despite the beginning recovery, the global economy remains exposed to risks in the medium term. They stem, among other things, from economic policy decisions in China and the United States, from a trend towards protectionism as well as from non-economic factors, such as geopolitical conflicts and domestic discord in individual countries.

DBAG's portfolio consists of companies that are subject to different market or economic cycles; there are companies that respond early on to the industries' changes in capital expenditure activity (such as iron foundries), and others that tend to notice changes in order intake or delivery call-offs at the end of a cycle (such as automotive suppliers). Changes in underlying conditions therefore affect our portfolio to very differing degrees, and, in part, conversely. The consumer-related portfolio companies are benefiting from favourable domestic demand due to rising incomes in Germany. Companies that are more strongly focused internationally profited from the uptrend in major international markets. Overall, the underlying conditions for our portfolio companies in the first half of the financial year were very satisfactory.

Financial markets: Favourable stock market trend; US Federal Reserve Bank raises key interest rates

Overall, the global financial markets were buoyant over the first half of financial year 2016/2017. Promising macroeconomic data and brighter consumer sentiment led to more optimistic profit expectations in the stock markets of advanced economies. This had a positive influence on the valuation of our portfolio companies.

Business upturn in the United States also had an effect on the country's monetary policy. In March 2017, the US Federal Reserve Bank raised the key interest rate to one percent. At the same time, it held out the prospect of successively taking further interest-rate steps. In contrast, the European Central Bank continued to drive its low interest-rate policy and, in late April 2017, kept the key rate at zero percent.

Lending to the corporate sector expanded further in Germany in line with the business trend. In January 2017, the total value of loans to the corporate sector was 2.3 percent over that of the preceding year.

In comparison to the past 2015/2016 financial year, the underlying financing conditions for our portfolio companies have improved. Mid-market companies are strongly dependent on loans, since their access to alternative refinancing options, such as the stock markets, is limited. When acquiring investments, we therefore consider a company's foreseeable financing requirement as early as when structuring the balance sheet. The supply of acquisition finance was very satisfactory in the first six months of 2016/2017.

7 International Monetary Fund, World Economic Outlook, April 2017

Currency rates: Little effect on portfolio value

Changes in currency parities generally have little direct influence on the value of our portfolio, because we enter into investments not denominated in euros only in exceptional cases. Non-euro denominated investments only relate to two portfolio companies (Pfaudler, mageba) and to the externally managed buyout fund Harvest Partners. Since the exchange rate of the US dollar and the Swiss franc rose against the euro, there was a gain from exchange rate movements of 1.0 million euros compared with the reporting date at 30 September 2016.

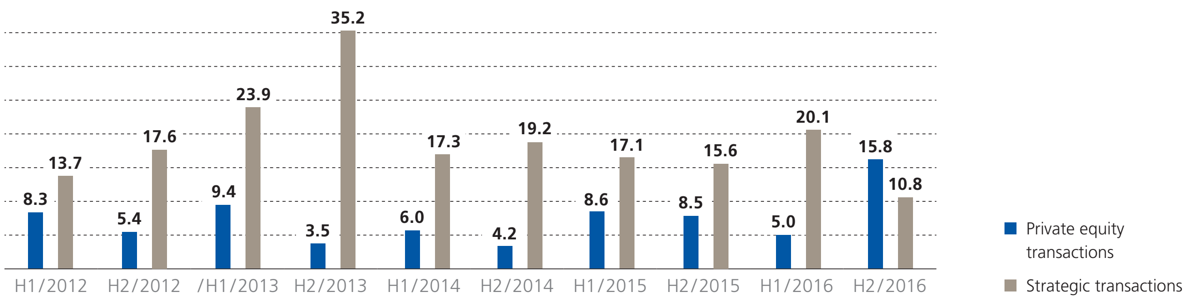
Beyond that, exchange rate fluctuations also have a direct influence on the business activities of our portfolio companies in their respective international markets. This is partly compensated by the fact that many companies operate production facilities in various countries.

Private equity market: Long-time highs in the number and value of transactions in Germany

In the second half of 2016, the total value of private equity transactions in Germany more than tripled compared to the first half of the year. At the end of 2016, it reached its highest level in several years. The number of transactions also rose clearly in the second part of 2016 and totalled 106 (first half-year 2016: 65).[8]

M&A MARKET GERMANY – TRANSACTION VALUE

€bn



DBAG largely focuses on the mid-market segment in German-speaking regions in its business, that is, on transactions with an (enterprise) value of 50 million to 250 million euros. Measured by the number of transactions and investment value, this encompasses a rather small section of the private equity market. Nevertheless, even this closely defined market registered an increase in the number and total value of transactions in 2016. Financial investors structured 34 buyouts up to the end of 2016 in Germany's "Mittelstand" – more than they had since the record year of 2007. The total value of transactions amounted to some 3.6 billion euros – also the highest since 2007.[9]

Despite the record highs in the number and total value of private equity transactions in 2016, we currently do not see the major underlying conditions as having fundamentally changed for our business. Competition for attractive investment opportunities remains intense. Strategic buyers are competing with financial investors; both groups of buyers possess sufficient liquidity. Acquisition finance remains readily available at attractive terms and in an ample amount. These huge, increasing assets seeking investment stand, unchanged, in contrast to a limited supply of investment opportunities. This trend has long been leading to higher valuations, meaning higher purchase prices.

8 "Der Transaktionsmarkt in Deutschland – 2. Halbjahr 2016", Ernst & Young, December 2016

9 The underlying survey by FINANCE magazine on behalf of DBAG comprises majority takeovers through MBOs, MBIs and secondary/tertiary buyouts with the involvement of the financial investor and which have a transaction value of between 50 and 250 million euros.

Our market assessment has been confirmed by sector surveys: in a poll conducted at year-end 2016, 86 percent of the investment managers interviewed said price levels in the German private equity market were “expensive”. The professionals saw a threat of a bubble forming in the medical engineering and technology sectors. Trading firms, automotive suppliers and mechanical and plant engineering companies were considered the least over-valued.[10]

Review of significant events and transactions

Private Equity Investments

The portfolio of Deutsche Beteiligungs AG changed markedly in the first half of 2016/2017: up to 31 March 2017, three MBOs and three disposals were completed. The MBO of automotive supplier Dieter Braun GmbH finalised the portfolio of DBAG Fund VI, which ended its investment phase in December 2016. Frimo, a mechanical engineering company, and implant manufacturer Polytech have belonged to the DBAG Fund VI portfolio since the first quarter of 2016/2017. Both investments were contractually agreed in financial year 2015/2016. The MBO of two radiology practices, agreed in March 2017 but not yet completed, represents the first investment by DBAG Fund VII.

Three companies were released from the DBAG portfolio in the first six months of 2016/2017. In January, the divestment of Grohmann Engineering GmbH to strategic buyer Tesla Motors, Inc. closed, marking the end, after nearly 30 years in the portfolio, of one of DBAG’s most successful investments. Since the income contribution was indicated on an imminent sales basis through the agreement signed in November 2016, the gain on this disposal was already recognised in the first quarter accounts of 2016/2017.

DBAG also successfully ended its investments in the FDG Group (FDG) and in Broetje-Automation. The shares held by DBAG and its advised DBAG Fund V in FDG were divested to a financial investor in February 2017, with the transaction completing in April. The divestment of Broetje-Automation to a strategic investor had already closed in the first quarter.

The entry of a further shareowner resulted in a partial divestment of DBAG Fund VI’s investment in iron foundry Gienanth GmbH in the half-yearly period. The fund continues to hold a majority interest in the company.

At the period end, the portfolio of DBAG contained 24 investments in companies and two investments in externally managed international buyout funds.

First investment by DBAG Fund VII

The first investment by DBAG Fund VII was agreed in March 2017, only a little more than two months after the start of its investment period. This DBAG-advised fund will acquire about 55 percent, and thereby a majority interest, in Radiologische Gemeinschaftspraxis Hern GbR and Ranova Überörtliche Gemeinschaftspraxis für Radiologie und Nuklearmedizin GbR within the scope of a management buyout. The two radiology practices that operate 15 offices located in various cities in western Germany’s Ruhr area will be combined into one entity to become a regionally leading provider of radiological examinations and therapy.

DBAG will initially co-invest some 15 million euros from its balance sheet alongside DBAG Fund VII in the MBO; it is planned to reduce the equity capital investment by refinancing after the transaction has been completed. In the future, DBAG will indirectly hold about eleven percent of the shares in the radiology group. The completion of the purchase agreement is expected for the third or fourth quarter of the current financial year.

Successful divestment of FDG Group

In February 2017, DBAG ended its investment in the FDG Group, a France-based services provider to the retail trade. Following the Group’s successful development, DBAG and its managed DBAG Fund V sold their interests in FDG to financial investor CM-CIC Investissement. The proceeds amount to more than twice the original cost. Since the insight from the sales process had already been recognised in the investment’s valuation at 31 December 2016, no further income contribution results for the second quarter of the 2016/2017 financial year.

10 *Mid-Market Private Equity Monitor*, survey among investment managers at more than 50 private equity firms by *FINANCE* magazine on behalf of DBAG

DBAG and DBAG Fund V acquired the FDG Group in 2010 in an MBO from the founder families. Since then, the company has grown organically as well as through add-on acquisitions of individual product lines, brands and sales networks. From 2010 to 2016, FDG increased its revenue from 111 to 123 million euros – despite persistent stagnation of the French economy, which also impacted private consumption. With its new shareowner, FDG is set to move forward in its development and continue to grow.

Partial divestment of Gienanth

In December 2016, Sistema Finance S.A., a subsidiary of Russia-based conglomerate JFSC Sistema (www.sistema.com, 2015 revenue: 9.6 billion US dollars) which is listed on the London and Moscow stock exchanges, agreed a minority interest in Gienanth GmbH, with the transaction closing in the second quarter. Sistema acquired shares held by DBAG Fund VI and additionally subscribed to a capital increase. The transactions reduced DBAG's interest in iron foundry Gienanth to 10.1 percent (previously 16.0 percent); DBAG Fund VI continues to hold the majority of the shares. Sistema will make its outstanding network in Russia available to the company in order to expand and strengthen Gienanth's business opportunities in Russia and other successor states of the Soviet Union. The cash inflow from the partial disposal reduced the acquisition cost to 4.7 million euros, down from 6.9 million euros previously. The transaction led to a positive contribution to income.

Changes at portfolio companies

Three companies have enhanced their strategic positions in the competitive field through add-on acquisitions. In the first quarter of 2016/2017, Telio GmbH (DBAG Fund VI) expanded its European market coverage by acquiring the inmate telephony division (annual revenue of approximately ten million euros) from Spain-based telecommunications company Telefónica. The fund provided further equity to finance the acquisition.

At the beginning of 2017, the portfolio company ProXES (DBAG Fund V) acquired Suatec GmbH, a provider of automation solutions for process technology (www.suatec.de). Suatec (2016 revenue: 5.3 million euros) enables using standardised automation solutions within the ProXES group, thereby improving the group's offering. ProXES financed the acquisition from its own resources.

The Frimo Group GmbH (DBAG Fund VI) also financed its most recent add-on acquisition from its own resources. Frimo acquired B+R Elektro-Steuerungstechnik GmbH (www.bormann-reinhold.de) in the first quarter of 2017. The company employs a staff of about 40 and generated revenue of some five million euros in 2016. Frimo, previously one of the firm's key customers, secured important capacity in control technology for its own products through the acquisition.

The good progress that Infiana Group GmbH made has enabled agreeing the company's refinancing in the second quarter; it will result in a repayment of the acquisition cost and corresponding cash inflows in the third quarter.

Fund Investment Services

First new vintage for DBAG ECF agreed

January saw the close of the fundraising for the new investment period (first new vintage) of DBAG ECF: investors committed a total of 85 million euros for the new investment period ("first new vintage"). Of that amount, 35 million euros come from DBAG's co-investment.[11] The investment period starts on 1 June 2017 and ends on 31 December 2018. Subsequent to that, further vintages of two-year investment periods are projected. Each vintage has a total term of ten years. That enables DBAG to provide financings over a term of sufficient length and to satisfy the preference family companies have for an extended partnership.

The fund focuses on equity capital investments of between 10 and 30 million euros in strongly growing "Mittelstand" companies in family ownership. In addition to minority growth capital investments, the fund will now also selectively structure management buyouts in that attractive market segment.

This past year, we agreed with the existing investors in DBAG ECF, which closed in 2011, that the fund would also be able to invest in MBOs after DBAG Fund VI ends its investment period. Up to 31 March 2017, the fund was invested in eight minority investments.

11 Extrapolating the committed 85 million euros for a 19-month period to a term of five years, the commitments correspond to a fund size of about 270 million euros.

Comparability with the preceding year

Comparability of the financial data with that of the previous year is limited due to the amendments to IFRS 10 "Consolidated Financial Statements". In conformity with these amendments, which are required to be adopted for the first time, a subsidiary (Deutsche Beteiligungsgesellschaft mbH) is no longer permitted to be consolidated.[12] Since this subsidiary is now recognised at its net asset value, financial assets have increased by 7.9 million euros. Financial resources are 5.9 million euros lower and this liquidity is now a constituent of the net asset value. The following commentary relates to previous year's amounts restated on a comparable basis. The change in consolidation has no effect on the Group's equity.

Earnings position

Overview

At 44.1 million euros, net income for the first half-year was significantly in excess of that of the equivalent period the previous year. Both business lines contributed to the increase. Multiple factors had a major influence on the result posted by the Private Equity Investments segment: profitable realisations, higher earnings forecasts by the portfolio companies for the current year and an overall bright sentiment in the stock markets as well as insights gained from the interest expressed by potential buyers of individual portfolio companies. In the Fund Investment Services segment, the commencement of DBAG Fund VII's investment period took effect in the second quarter.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€'000	1st half-year 2016/2017	1st half-year 2015/2016 restated[1]	2rd quarter 2016/2017[2] restated	2rd quarter 2015/2016[2] restated[1]
Net result of investment activity	47,707	36,364	30,237	3,627
Fee income from fund management and advisory services	12,227	9,432	7,366	4,607
Net result of fund services and investment activity	**59,934**	**45,796**	**37,603**	**8,234**
Personnel costs	(9,703)	(7,760)	(4.036)	(3,982)
Other operating income	2,654	3,069	1,289	1,823
Other operating expenses	(8,537)	(8,998)	(4,742)	(4,801)
Net interest	(248)	(222)	(135)	(208)
Other income/expenses	**(15,834)**	**(13,911)**	**(7,623)**	**(7,167)**
Net income before taxes	**44,100**	**31,885**	**29,980**	**1,067**
Income taxes	0	173	0	174
Net income after taxes	**44,100**	**32,058**	**29,980**	**1,241**
Minority interest	(20)	(18)	(12)	(9)
Net income	**44,080**	**32,040**	**29,969**	**1,232**
Other comprehensive income	(622)	99	49	218
Total comprehensive income	**43,458**	**32,139**	**30,018**	**1,450**

1 Restated after adjustment for amendments to IFRS 10 (see 2015/2016 Annual Report, p. 116 and note 2 of the condensed notes to the financial statements at 31 March 2017)
2 Only the data on the half-yearly period has been subject to review.

Net income in the previous year's six-month period amounted to 32.0 million euros. Two realisations had also contributed positively at that time and particularly influenced the first-quarter income.

The **NET RESULT OF FUND SERVICES AND INVESTMENT ACTIVITY** reached 59.9 million euros, following 45.8 million euros in the previous year. This item continues to be determined primarily by the net result of investment activity, both in its absolute amount and its volatility (see also the commentary below under "Net result of investment activity").

FEE INCOME FROM FUND MANAGEMENT AND ADVISORY SERVICES of 12.2 million euros increased significantly (previous year: 9.4 million euros). With the start of DBAG Fund VII's investment period, the measurement base for fee income from fund investment services has grown much broader; the effects arising from the realisation of DBAG Fund V's investments (Spheros, Broetje-Automation)

12 See 2015/2016 Annual Report, p.116

were more than compensated. The positive trend that became manifest for the first time in the second quarter is set to continue in the further course of this financial year.

Net expenses recognised in **OTHER INCOME/EXPENSES**, or the net amount of personnel costs, other operating income and expenses as well as net interest, increased by 1.9 million euros year-over-year. This is due to performance-related remuneration arising from the realisation of Grohmann Engineering. It totals 1.6 million euros and was recognised in the financial statements for this quarter; the amount reflects this investment's entire performance over the past 20 years, based on the profit-sharing scheme valid for this investment. In view of intensive investment activity, transaction-related expenses recognised in other operating expenses increased by 0.7 million euros compared with the previous year's period (3.7 million euros; previous year: 3.0 million euros). Net expenses were disencumbered by significantly lower deductible value added tax (0.5 million euros, following 0.7 million euros in the previous year). The prior year also saw 0.6 million euros for fundraising expenses (DBAG Fund VII) and 0.5 million euros for the arrangement of a credit line.

The largest contribution (0.5 million euros) to **OTHER COMPREHENSIVE INCOME** came from negative valuation movements on long-term securities, mirroring the recent rise in interest rates.

Net result of investment activity

The **NET RESULT OF INVESTMENT ACTIVITY** of 47.7 million euros (previous year: 36.4 million euros) largely reflects the value growth of the investments in the portfolio companies that are chiefly held through investment entity subsidiaries, and insofar not only depends on the portfolio companies' earnings forecasts, but – through their valuation using multiples of listed peer groups – on the stock market trend as well. This item also includes uplifts over opening value on the realisations previously mentioned as well as inputs from expressions of interest by potential buyers for individual portfolio companies.

The **GROSS RESULT OF VALUATION AND DISPOSAL** of the portfolio reached 54.4 million euros after six months, which is 15.4 million euros over that of the first half-year of 2015/2016. Changes in the multiples used for valuations delivered a much higher contribution than in the previous year.

NET RESULT OF INVESTMENT ACTIVITY

€'000	**1st half-year 2016/2017**	1st half-year 2015/2016 restated[1]	**2rd quarter 2016/2017[2]**	2rd quarter 2015/2016[2] restated[1]
Result of valuation and disposal portfolio, gross	54,354	38,976	35,433	4,938
Minority interest in investment entity subsidiaries	(7,744)	(4,073)	(4,390)	(1,212)
Result of valuation and disposal portfolio, net	46,609	34,903	31,043	3,726
Current income portfolio	4,125	2,604	1,759	911
Net result portfolio	50,735	37,506	32,802	4,637
Net result other assets and liabilities of investment entity subsidiaries	(3,029)	(1,307)	(1,611)	(798)
Net result other financial assets	1	165	(954)	(212)
Net result of investment activity	**47,707**	**36,364**	**30,237**	**3,627**

1 Restated after adjustment for amendments to IFRS 10 (see 2015/2016 Annual Report, p. 116 and note 2 of the condensed notes to the financial statements at 31 March 2017)
2 Only the data on the half-yearly period has been subject to review.

SOURCE ANALYSIS 1: We usually base our valuations at 31 December on the portfolio companies' budgets for the new year; at subsequent measurement dates – initially at 31 March – we concretise the budgetary data based on actual results and the companies' successive forecasts. Since in most cases the portfolio companies' earnings forecasts at this measurement date will be the same as for the previous quarter, there will naturally be a lower contribution to the result of valuation based on the portfolio companies' change in earnings than in the preceding quarter. When comparing year-on-year, it should be kept in mind that, in the previous year, individual – particularly newer – portfolio companies reported surprisingly good financials in December towards the end of their financial year.

Most portfolio companies had budgeted higher revenues and earnings for 2017 (see our Quarterly Statement at 31 December 2016, page 9). Depending on the planning reliability in each case, we took account of the fact in our valuations at 31 December 2016 that the achievement of budgets that early in the year is subject to a greater degree of uncertainty than in the second half of the year. We therefore applied an appropriate discount to expected earnings in certain cases. Reports from the companies in the first months have largely confirmed the budgets. Pursuant to that, we reduced the uncertainty discounts in individual instances.

We principally do not receive current profit distributions during our holding period – at least not for MBOs – which puts the portfolio companies in a position to use their surpluses to reduce debt. As in the previous year, this increased the value of our investments.

The largest contribution to the result of valuation and disposal, however, stems from the effect of higher valuation multiples. In our valuations at the current measurement date, we partly used significantly higher multiples than at the end of the previous financial year. First, valuation ratios in the stock markets improved considerably in the second quarter of the current financial year; this contributed about 12.7 million euros to the valuation effect from "change in multiples" totalling 25.5 million euros. Second, we have considered the expressions of interest by potential buyers in valuating individual investments while, at the same time, accounting for the fact that the outcomes of such negotiations are not foreseeable. And third, the multiples have been considered that we have achieved on an imminent sales basis through agreements on disposals. The two latter effects have contributed 12.8 million euros towards the result of valuation.

RESULT OF VALUATION AND DISPOSAL PORTFOLIO BY SOURCES
SOURCE ANALYSIS 1

€'000	**1st half-year 2016/2017**	1st half-year 2015/2016	**2rd quarter 2016/2017[1]**	2rd quarter 2015/2016
Fair value of unlisted investments				
Change in earnings	12,709	24,100	(883)	(3,891)
Change in debt	7,223	4,414	(2,412)	(4,580)
Change in multiples	25,489	3,410	35,996	13,982)
Change in currency rates	890	(56)	51	(739)
Change in other	1,470	0	2,023	0
	47,781	31,868	34,775	4,772
Realised gains/(losses) on disposals	9,334	0	393	0
Acquisition cost	0	(8)	0	0
Other	(2,761)	7,116	265	166
	54,354	**38,976**	**35,433**	**4,938**

1 Restated after adjustment for amendments to IFRS 10 (see 2015/2016 Annual Report, p. 116 and note 2 of the condensed notes to the financial statements at 31 March 2017)

RESULT OF VALUATION AND DISPOSAL PORTFOLIO BY SOURCES
SOURCE ANALYSIS 2

€'000	1st half-year 2016/2017	1st half-year 2015/2016	2rd quarter 2016/2017[1]	2rd quarter 2015/2016
Positive movements	63,784	56,078	36,968	15,249
Negative movements	(9,431)	(17,103)	(1,534)	(10,312)
	54,354	**38,976**	**35,433**	**4,938**

RESULT OF VALUATION AND DISPOSAL PORTFOLIO BY SOURCES
SOURCE ANALYSIS 3

€'000	1st half-year 2016/2017	1st half-year 2015/2016	2rd quarter 2016/2017[1]	2rd quarter 2015/2016
Net valuation movements	36,696	35,703	26,679	2,356
Unrealised disposal gains on imminent sales basis	8,346	0	8,362	0
Realised gains/(losses) on disposals	9,312	3,272	393	2,581
	54,354	**38,976**	**35,433**	**4,938**

1 Only the data on the half-yearly period has been subject to review.

As in the previous year, the effect from exchange rate parities was minor.

The effect from higher base rates for DCF valuations was more than compensated by improved planning assumptions by the two companies concerned (DNS:NET, inexio), which led to a valuation contribution of 1.5 million euros from "other effects".

The result of disposal contains the disinvestment of Grohmann Engineering, which closed in the second quarter. The income contribution was recognised in "other" in the first quarter.

SOURCE ANALYSIS 2: In addition to the realised investments, the positive valuation movements are attributable to 15 active investments, including the investment in mageba AG, which was entered into a year ago and recognised at fair value for the first time at the current valuation date. Five investments (Braun, Frimo, Polytech, Rheinhold & Mahla and Telio) were valued at their transaction cost because of the short holding period of less than twelve months. Six investments contributed negatively to the result of valuation and disposal; among them, however, only three due to expected lower earnings. This had company-specific reasons in each instance, which do not imply a fundamental correction to or impairment of the investment case.

SOURCE ANALYSIS 3: The disposal of the investment in Grohmann Engineering has been completed; realised gains on disposals largely derive from the gain on this divestment. "Unrealised disposal gains on imminent sales basis" contains the gains from the divestments of the FDG Group and the Romaco Group. The divestment of the FDG Group closed after the period end. Although the sale of the investment in the Romaco Group was agreed after the period end, the gain was nevertheless recognised in the valuation at 31 March; this value contribution is subject to low risk based on a signed purchase agreement and is therefore shown separately as "unrealised disposal gains on imminent sales basis". Thus, 17.7 million euros, or about one third of the result of valuation and disposal, have been realised or determined and covered through signed purchase agreements. Coverage of a significant part of the result through completed or agreed divestments is the basis for the uplift of the 2016/2017 forecast issued in December.

GAINS ATTRIBUTABLE TO MINORITY INTEREST OF THE INVESTMENT ENTITY SUBSIDIARIES reduced the result of investment activity by 7.7 million euros (previous year: 4.1 million euros) in the half-yearly period. This largely relates to carried interest entitlements of selected current and former members of DBAG's investment team arising from private investments in the investment entity subsidiaries of DBAG Fund V and DBAG ECF. Carried interest in the investment entity subsidiaries recognised in the current financial statements mirrors the net realised and unrealised value appreciation of the funds' investments in first six months of 2016/2017. The carry can change with future valuation movements of the funds' investments. Corresponding to the realisation of value gains on individual investments, carried interest payments will extend over a number of years. DBAG Fund VI ended its investment period only a few months ago; there were no appreciable capital repayments to the investors as yet. The conditions for recognising carried interest arising from private investments by members of the investment team in this fund have currently not been met.

CURRENT INCOME FROM THE PORTFOLIO is largely composed of interest payments on shareholder loans.

The **NET RESULT OF OTHER ASSETS AND LIABILITIES OF INVESTMENT ENTITY SUBSIDIARIES** is negative at 3.0 million euros (first six months of the previous year: -1.3 million euros). This item includes management fees for DBAG's co-investments alongside DBAG Fund VII and DBAG Fund VI as well as incorporation expenses for DBAG Fund VII.

Liquidity position

In addition to cash funds of 16.0 million euros, financial resources also consisted of securities totalling 46.5 million euros of German issuers with a credit rating based on Standard & Poor's of A or better. These are available for investment. Beyond that, 10.6 million euros in cash and long-term securities (financial resources) are held in subsidiaries that are recognised at fair value. That liquidity is also available for investment.

The IFRS-based statement of cash flows below shows the changes in cash funds.

In the first six months of 2016/2017, **FINANCIAL RESOURCES** as in the statement of cash flows (exclusively comprises cash and cash equivalents, based on IFRS) decreased by 35.4 million euros, down from 51.4 million euros to 16.0 million euros.

The rise in negative **CASH FLOWS FROM OPERATING ACTIVITIES** is due to significantly higher receivables from DBAG funds: we pool the calls for fees for our advisory and management services as well as for reimbursable costs arising from the investment business with capital calls for new investments and have issued a call for a corresponding amount at the beginning of April.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

€'000	**1st half-year 2015/2016**	1st half-year 2015/2016 restated[1]	**2st quarter 2016/2017**[2]	2rd quarter 2015/2016[2] restated[1]
Net income	44,080	32,040	29,969	1,232
Valuation (gains)/losses on financial assets and loans and receivables	(49,025)	(33,856)	(32,956)	(1,924)
Other non cash-relevant changes	(10,885)	742	(4,712)	1,808
Cash flows from operating activities	**(15,830)**	**(1,074)**	**(7,699)**	**1,116**
Proceeds from disposals of financial assets and loans and receivables	51,614	13,772	30,647	8,170
Purchase of investments in financial assets and loans and receivables	(26,863)	(21,206)	(1,366)	(20,557)
Proceeds from/(acquisition of) long and short-term securities	(26,024)	8,785	0	5,071
Other inflows and outflows	(236)	(598)	(159)	(220)
Cash flows from investing activities	**(1,510)**	**754**	**29,122**	**(7,536)**
Payments to shareholders (dividends)	(18,053)	(13,676)	(18,053)	(13,676)
Cash flows from financing activities	**(18,053)**	**(13,676)**	**(18,053)**	**(13,676)**
Change in cash funds from cash-relevant transactions	(35,392)	(13,997)	3,369	(20,096)
Cash funds at start of period	51,361	26,582	12,599	32,681
Cash funds at end of period	**15,969**	**12,585**	**15,969**	**12,585**

1 Restated after adjustment for amendments to IFRS 10 (see 2015/2016 Annual Report, p. 116 and note 2 of the condensed notes to the financial statements at 31 March 2017)

2 Only the data on the half-yearly period has been subject to review.

CASH INFLOWS FROM INVESTING ACTIVITIES largely pertain to distributions by the investment entity subsidiary for DBAG Fund V following completion of the divestment of Broetje-Automation in the first quarter and the disposal on the part of DBAG of the investment in Grohmann Engineering in the second quarter. Cash outflows from investing activities primarily relate to capital calls by the investment entity subsidiaries for DBAG Fund VI for the investments in Frimo and Braun as well as to a bridge loan for the investment in Rheinhold & Mahla (DBAG ECF). In net terms, investing activities generated 24.8 million euros in the first six months. This compares with net outflows of 7.4 million euros for the comparative period in the previous year. This volatility reflects the few, but very significant cash flows attached to transaction activity, which is typical of our business model.

We invested part of the cash available at the start of the financial year and additional inflows since then in securities in the amount of 26.0 million euros in order to avoid interest expenses for maintaining liquidity. The dividend payment at the end of February 2017 (18.1 million euros) also reduced financial resources.

Asset position

Asset and capital structure

At 31 March 2017, total assets grew by 19.9 million euros compared with the outset of the financial year, which primarily derives from the increase in financial assets and equity. Having shifted part of our free cash to long-term securities, which are liquidable at any time, but are required to be recognised in non-current assets based on the IFRS, the **ASSET STRUCTURE** has changed significantly: non-current assets accounted for 91 percent of total assets at the period end (at 30 September 2016: 84 percent).

CONDENSED STATEMENT OF FINANCIAL POSITION

€'000	**31 March 2017**	30 Sept. 2016 restated[1]
Financial assets incl. loans and receivables	339,178	316,341
Long-term securities	46,507	21,279
Other non-current assets	1,958	2,081
Non-current assets	**387,643**	**339,701**
Receivables and other assets	6,508	4,414
Cash and cash equivalents	15,969	51,361
Other current assets	13,930	8,682
Current assets	**36,407**	**64,457**
Total assets	**424,050**	**404,158**
Equity	395,025	369,619
Non-current liabilities	16,772	15,203
Current liabilities	12,253	19,335
Total shareholders' equity and liabilities	**424,050**	**404,158**

1 Restated after adjustment for amendments to IFRS 10 (see 2015/2016 Annual Report, p. 116 and note 2 of the condensed notes to the financial statements at 31 March 2017)
2 Only the data on the half-yearly period has been subject to review.

Other current assets increased since the reporting date at 30 September 2016 by 5.2 million euros. This is largely due to the reporting date-related receivables from DBAG Funds for management and advisory fees previously mentioned as well as a reclassification of a non-current receivable to current receivables (1.3 million euros), because an agreement was reached with the buyer of a portfolio company that was sold last year on a payment in the course of the current financial year.

Of total assets, 80 percent (previous year: 78 percent) were invested in financial assets. 15 percent of total assets (previous year: 18 percent) consisted of financial resources and are available for investment.

The ratio of financial assets to financial resources has improved once again and was 5.4 to 1 at 31 March 2017 (30 September 2016: 4.4 to 1). Besides net additions to the portfolio[13] and valuation gains on the carried portfolio, the change in the proportion is also partly due to the deconsolidation of a subsidiary.[14] Financial resources of approximately 6.0 million euros were contained in the net asset value of this subsidiary at the reporting date.

Equity rose by 25.4 million euros compared with the past annual reporting date at 30 September 2016 to 395.0 million euros, as a result of the net income achieved. Equity per share increased from 24.57 euros to 26.26 euros. Relative to the opening equity at the onset of the financial year (less the proposed dividend payment), this represents a gain of 12.4 percent over the six-month period.

The **CAPITAL STRUCTURE** changed only marginally. The capital-to-assets ratio, already very high, rose from 91.5 percent to 93.2 percent. This was largely due not only to the half-yearly net income, but also to a decrease in current liabilities following the payment of variable remuneration and transaction-related consultancy expenses for which provisions had been made at 30 September 2016.

As at the last annual reporting date, equity covers non-current assets completely. The change primarily stems from shifting liquidity not immediately needed to investment securities in order to avoid negative interest charges. The IFRS require recognising securities in non-current assets.

A 50-million-euro **CREDIT LINE** existing since the beginning of 2016 was not drawn down during the first six months and as at the period end.

Financial assets including loans and receivables

Financial assets including loans and receivables are chiefly determined by the **PORTFOLIO VALUE**; they increased primarily due to the valuation gain on the companies contained therein (see also the commentary below on the portfolio value).

FINANCIAL ASSETS INCL. LOANS AND RECEIVABLES

€'000	**31 March 2017**	30 Sept. 2016 restated[1]
Portfolio value (incl. loans and receivables)		
gross	341,361	302,597
Minority interest in investment entity subsidiaries	(32,349)	(28,847)
net	309,012	273,751
Other assets/liabilities of investment entity subsidiaries	28,667	40,132
Other non-current assets	1,499	2,458
Financial assets incl. loans and receivables	**339,178**	**316,341**

1 Restated after adjustment for amendments to IFRS 10 (see 2015/2016 Annual Report, p. 116 and note 2 of the condensed notes to the financial statements at 31 March 2017)

Compared with the beginning of the financial year, **MINORITY INTEREST IN INVESTMENT ENTITY SUBSIDIARIES** rose slightly in net terms by 3.5 million euros. The increase, due to the valuation gain on the investments alongside DBAG Fund V and DBAG ECF, exceeded the payment of carried interest entitlements following the realisation of Broetje-Automation from the portfolio of DBAG Fund V.

13 Additions due to investments netted against disposals due to disinvestments
14 See section "Comparability with the preceding year", page 23

The decrease in **OTHER ASSETS/LIABILITIES OF INVESTMENT ENTITY SUBSIDIARIES** to 28.7 million euros largely derives from the decrease in cash, since the capital called in September 2016 for Polytech was invested at the beginning of October 2016. In addition, there were higher liabilities for management fees not yet paid by DBAG to DBAG Fund VI and DBAG Fund VII.

OTHER NON-CURRENT ASSETS contain the long-term portion of the purchase price receivable from the divestment of Clyde Bergemann in March 2016. The decrease in this item is primarily due to reclassifying a part of this purchase price receivable to current receivables.

Portfolio and portfolio value

At 31 March 2017, the **PORTFOLIO** of DBAG consisted of investments in 24 companies and two investments in externally managed international private equity funds, which we entered into more than 15 year ago with the aim of diversifying the portfolio. Subsequent to the disposal of the directly held investment in Grohmann Engineering, investments are held now indirectly through investment entity subsidiaries with only one exception. These relate to 16 management buyouts and eight investments targeted at financing growth. The two international buyout funds are currently in the liquidation phase and for their part hold only one and two remaining investments, respectively.

The value of these 26 investments, including loans to and receivables from the portfolio companies, was 337.1 million euros at 31 March 2017 (30 September 2016: 297.0 million euros); additionally, there are entities with a value of 4.3 million euros (30 September 2016: 5.6 million euros) through which representation and warranty retentions are (largely) settled ("other investments") and which are no longer expected to deliver appreciable value contributions. The portfolio value therefore totalled 341.4 million euros (30 September 2016: 302.6 million euros).

Since the start of the financial year, the **PORTFOLIO VALUE** increased by a gross amount of 38.7 million euros. Additions (largely Frimo, Polytech and Braun) of 36.0 million euros and valuation movements of 44.8 million euros are set against two disposals totalling 42.1 million euros.

At 31 March 2017, the 15 largest investments accounted for 80 percent of the portfolio value. These 15 portfolio companies are listed alphabetically in the following table. A complete list of portfolio companies can be found on DBAG's website as well as at the end of this report.

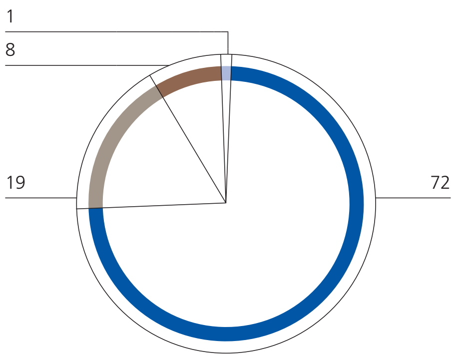
Company	Cost (*€mn*)	Equity share DBAG %	Investment type	Sector
Cleanpart Group GmbH	11.2	18.0	MBO	Industrial services
Formel D GmbH	3.7	17.8	MBO	Automotive suppliers
Frimo Group GmbH	14.8	14.5	MBO	Mechanical and plant engineering
inexio KGaA	7.6	6.9	Expansion capital	Information technology, media and telecommunications
Infiana Group GmbH	11.5	17.4	MBO	Industrial components
JCK Holding GmbH Textil KG	5.6	9.5	Expansion capital	Consumer goods
Novopress KG	2.3	18.9	Expansion capital	Industrial components
Oechsler AG	11.1	8.4	Expansion capital	Automotive suppliers
Polytech Health & Aesthetics GmbH	12.4	18.5	MBO	Industrial components
ProXES GmbH	7.5	18.6	MBO	Mechanical and plant engineering
Romaco GmbH	8.6	18.7	MBO	Mechanical and plant engineering
Schülerhilfe GmbH	2.5	15.3	MBO	Services
Silbitz Group GmbH	5.0	16.5	MBO	Industrial components
Telio GmbH	13.2	15.1	MBO	Information technology, media and telecommunications
Unser Heimatbäcker GmbH	10.1	12.6	MBO	Consumer goods

The valuations and the portfolio value derived from them at 31 March 2017 principally serve as the basis of the following presentation of the portfolio. In part, however, certain constituents remain disregarded: for example, the breakdown of the portfolio value by net debt of the portfolio companies is calculated without the investments in international buyout funds and without interests in entities through which retentions for representations and warranties from exited investments are held (2017 net debt and 2017 EBITDA; for annual periods ending during the year, based on the portfolio companies' forecasts at 31 December 2016).

Portfolio Profile

PORTFOLIO VALUE BY VALUATION METHOD

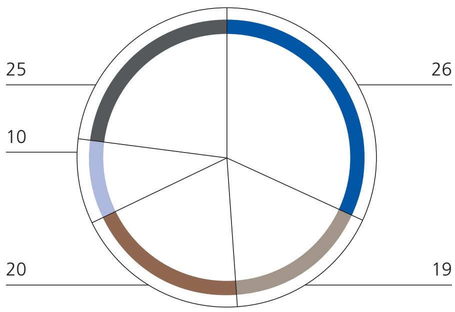
in %



- Multiples method
- Transaction price
- DCF
- Other

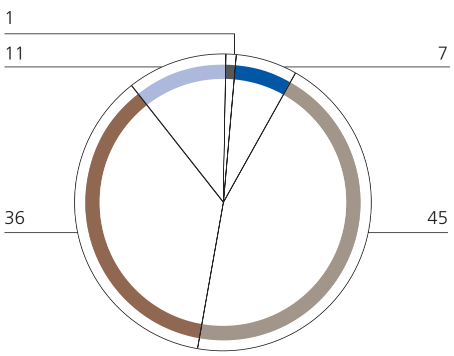
PORTFOLIO VALUE BY SECTOR DISSEMINTATION

%



- Mechanical and plant engineering
- Automotive suppliers
- Industrial components
- Industrial services
- Other

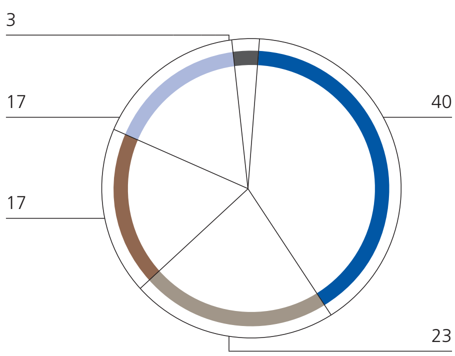
PORTFOLIO VALUE BY NET DEBT/EBITDA OF PORTFOLIO COMPANIES %



- < 1.0
- 1.0 to < 2.0
- 2.0 to < 3.0
- ≥ 3.0
- Other

CONCENTRATION OF PORTFOLIO VALUE

Size categories %



- Top 1 to 5
- Top 6 to 10
- Top 11 to 15
- Top 16 to 24
- Other (including externally managed international buyout funds)

Business performance by segments

Private Equity Investments segment

SEGMENT INCOME STATEMENT PRIVATE EQUITY INVESTMENTS

€'000	**1st half-year 2016/2017**	1st half-year 2015/2016 restated[1]	**1rd quarter 2016/2017[2]**	1rd quarter 2015/2016[2] restated[1]
Net result of investment activity	47,707	36,364	30,237	3,627
Other income/expenses	(5,821)	(4,094)	(2,564)	(2,335)
Net income before taxes	**41,887**	**32,270**	**27,673**	**1,292**

1 Restated after adjustment for amendments to IFRS 10 (see 2015/2016 Annual Report, p. 116 and note 2 of the condensed notes to the financial statements at 31 March 2017)
2 Only the data on the half-yearly period has been subject to review.

The **PRE-TAX NET INCOME** for the Private Equity Investments segment reached 41.9 million euros in the half-year period, exceeding that of the same period the previous year by 9.6 million euros. It derives from the **NET RESULT OF INVESTMENT ACTIVITY**. We refer to the commentary on this item in the section "Earnings position". Net expenses in **OTHER INCOME/EXPENSES** (net amount of internal management fees, personnel costs, other operating income and expenses as well as net interest) increased by 1.7 million euros compared with the previous year's six-month period. This is largely due to the performance-related emoluments previously mentioned on the realisation of the investment in Grohmann Engineering, which was recognised in the amount of 1.6 million euros. Conversely, costs for the arrangement of a credit facility that had impacted the previous year's income by 0.5 million euros, were not incurred this year. Internal administration fees of 561 thousand euros (previous year: 656 thousand euros) to the Fund Investment Services segment are included.

NET ASSET VALUE AND AVAILABLE LIQUIDITY

€'000	**31 March 2017**	30 Sept. 2016 restated[1]
Financial assets incl. loans and receivables	339,178	316,341
Financial resources	62,476	72,640
Bank liabilities	0	0
Net asset value	**401,654**	**388,981**
Financial resources	62,476	72,640
Credit line	50,000	50,000
Available liquidity	**112,476**	**122,640**
Co-investment commitments alongside DBAG funds	**252,410**	**278,241**

1 Restated after adjustment for amendments to IFRS 10 (see 2015/2016 Annual Report, p. 116 and note 2 of the condensed notes to the financial statements at 31 March 2017)

At 31 March 2017, the **CO-INVESTMENT COMMITMENTS ALONGSIDE THE DBAG FUNDS** were only partially covered by the available financial resources (cash and long-term securities); to balance the irregular cash flows attached to our business model, the Company has had a credit facility of 50 million euros since January 2016 at its disposal. It is provided by a consortium of two banks for a term of five years.

The overhang of co-investment commitments exceeding the **AVAILABLE LIQUIDITY** corresponds to 42 percent of financial assets. We presume that this overhang will be covered by realisation proceeds in the coming years.

Fund Investment Services segment

SEGMENT INCOME STATEMENT FUND INVESTMENT SERVICES

€'000	**1st half-year 2016/2017**	1st half-year 2015/2016 restated[1]	**2rd quarter 2016/2017[2]**	2rd quarter 2015/2016[2] restated[1]
Fee income from fund management and advisory services	12,788	10,087	7,649	4,934
Other income/expenses	(10,575)	(10,473)	(5,342)	(5,159)
Net income before taxes	**2,214**	**(386)**	**2,307**	**(225)**

1 Restated after adjustment for amendments to IFRS 10 (see 2015/2016 Annual Report, p. 116 and note 2 of the condensed notes to the financial statements at 31 March 2017)
2 Only the data on the half-yearly period has been subject to review.

PRE-TAX NET INCOME for the segment of Fund Investment Services was clearly positive, following a slight loss one year ago. The improvement is due to a sizeable increase in fee income from fund management and advisory services subsequent to the commencement of DBAG Fund VII's investment period on 22 December 2016; in the second quarter of the current financial year, fees based on significantly higher managed and advised assets agreed with DBAG Fund VII were received for a full three-month period for the first time. Fees from DBAG Fund V decreased year-on-year following realisations from the portfolio of this fund. We refer to the commentary in the "Earnings position" section. In addition, the segment presentation contains internal proceeds from the Private Equity Investments segment of 561 thousand euros (previous year: 656 thousand euros).

ASSETS UNDER MANAGEMENT OR ADVISEMENT

€'000	**31 March 2017**	30 Sept. 2016 restated[1]
Portfolio companies at cost	828,394	681,059
Outstanding capital commitments to funds	918,306	1,022,205
Financial resources (of DBAG)	62,476	72,640
Assets under management or advisement	**1,809,177**	**1,775,904**

1 Restated after adjustment for amendments to IFRS 10 (see 2015/2016 Annual Report, p. 116 and note 2 of the condensed notes to the financial statements at 31 March 2017)
2 Only the data on the half-yearly period has been subject to review.

ASSETS UNDER MANAGEMENT OR ADVISEMENT remained nearly unchanged. The marked increase in item "Portfolio companies at cost" reflects disposals (primarily Broetje-Automation/DBAG Fund V and Grohmann Engineering) netted against additions (primarily Frimo, Polytech and Braun/DBAG Fund VI). The reduction in outstanding capital commitments to funds is lower than this increase because the capital for the investment in Polytech was called prior to 30 September 2016, which had already reduced the outstanding commitments to funds at that reporting date. The decrease for the half-year period stems from capital calls for Frimo and the investment in Dieter Braun GmbH. For a discussion on the change in the financial resources of DBAG, please see the "Liquidity position" section.

Financial and non-financial performance indicators

Return on equity per share

Equity per share grew by 1.69 euros over the first half-year to 26.26 euros. After adjusting for the dividend of 1.20 euro per share that was distributed, the return is calculated based on equity per share of 23.37 euros. The return on equity per share thus reached 12.4 percent at the end of the first half-year. After six months, it already significantly exceeded the cost of equity, which we had calculated at an annual 4.7 percent at 30 September 2016.

Total return

Adjusted for dividends and surplus dividends, the aggregate total return is 192 percent based on the equity per share over a period of more than ten years from 31 October 2006 to 31 March 2017; this equates to an average annual total return of 10.8 percent over this ten-year period.[15]

People

Our people are our most important resource; this is why we attach such great importance to our corporate culture and other factors influencing employee satisfaction. We report on the relative indicators and our remuneration scheme once annually.

At 31 March 2017, DBAG employed a staff of 33 female und 28 male employees (excluding the members of the Board of Management or apprentices), or five people more than at 30 September 2016. The share of female employees declined marginally from 56 percent to 54 percent. At the period end, six apprentices were qualifying for their future professions; this represents an apprenticeship quota of some ten percent. Not included in these figures are two employees on parental leave at the reporting date

Transaction opportunities

In an intensely competitive environment, we screened 139 investment opportunities in the six-month period, which is 20 percent more than in the previous year's half-yearly period. In addition to participating in auctions, our network assisted us in originating transaction opportunities through a proprietary deal flow. As in the prior year, approximately half of the investment opportunities came from our core sectors, that is, mechanical and plant engineering, automotive suppliers, industrial services and manufacturers of industrial components.

Significant events after the end of the period

Shortly after the period end, the disposal of the FDG Group was completed. The proceeds from the sale have meanwhile been received.

On 5 April, we announced that DBAG wants to establish a European market leader for chilled convenience products based on two parallel acquisitions. To that end, DBAG Fund VII purchased the interests in Abbelen GmbH (Abbelen) and Oscar Mayer Limited (Oscar Mayer) through a management holding company using the top-up fund. DBAG Fund VII has meanwhile drawn down the capital for the two transactions. Since the end of the period, net cash outflows have amounted to some 20 million euros. The acquisition of the two companies by the management holding, which will be operating in the market under the name of More than Meals Europe, was completed at the end of April.

On 24 April, we announced the acquisition of Vitronet Projekte GmbH. DBAG ECF will acquire a majority interest in this services provider to the telecommunications industry and thereby structure a management buyout for the first time. DBAG will invest up to 8.5 million euros for its interest in the company.

At the end of April, we received the inflows from the refinancing of the Infiana Group; they amounted to about 70 percent of the original cost.

Also at the end of April, we agreed the divestment of the Romaco Group. The sales proceeds exceeded the valuation of the investment at 31 December 2016; the divestment therefore results in a second-quarter income contribution in 2016/2017 of approximately six million euros after carried interest and transaction costs.

The term of DBAG Fund V was prolonged until 15 February 2018; up to that time DBAG will receive fees based on the fund's still invested assets.

Opportunities and risks

With regard to opportunities and risks, we refer to the statements contained in the combined management report at 30 September 2016, which principally remain valid.[16]

We currently assess a risk listed there (competitive disadvantages due to more stringent regulatory requirements)[17]

15 The calculation implies a reinvestment of dividends and surplus dividends in equity per share in each case at the end of the second quarter of a financial year (30 April or 31 March); up to 2015, the dividend was paid at the end of March, since then at the end of February.
16 See 2015/2016 Annual Report, pp. 88ff.
17 See 2015/2016 Annual Report, p. 96

as having a lower expected value. In the past months, we were able to clarify outstanding issues with the Federal Financial Supervisory Authority (BaFin) on a legal interpretation in conjunction with the German Capital Investment Code (KAGB) and have therefore lowered the assessment of this risk's potential impact, whereas the probability of occurrence remains unchanged. The expected value has now moved from "high" to "moderate". We limit our risk reporting to risks with an expected value of at least "high".

New in our list of risks is the infiltration of illegally obtained proceeds into our operations, for example, in conjunction with the sale of investments from the portfolio ("money laundering"). This is in response to amendments to German money laundering legislation and the Anti-Money Laundering Directive by the European Union (EU). Pursuant to these, DBAG will be considered a financial institution in the future, which involves new obligations concerning the control of funding used in our operations. Among other things, it requires more extensive risk analyses than before. The sanctions regime will become more severe. Breaches threaten to be punished by very high fines, and negative news might follow that may lead to a loss of reputation. That loss of reputation could impact our ability to initiate investment decisions and it could impair investors' confidence in DBAG funds and in our shares. We assess the probability of occurrence of this risk as being "possible" and the impact might be "high"; this results in a "high" expected value. We intend to address this risk by taking the appropriate business and customer-related internal security steps and by installing new processes. We will issue a money-laundering guideline adapted to the new regulations and train our staff accordingly. Our existing risk management system is principally suited also to cover the risks arising from the anti-money laundering legislation.

Forecast

The portfolio companies are implementing the changes and development programmes agreed at the outset of the investments. In the current course of the financial year and in keeping with our expectations, our portfolio companies have for the most part been developing positively and increasing their earnings. That has resulted in valuation gains on our investments. Completed, agreed and planned disinvestments from the portfolio confirm our valuations or result in uplifts over value. In addition, we ended the investment period of DBAG Fund VI as scheduled and, at the same time, commenced the investment period of DBAG Fund VII. This, in turn, confirms our budgetary assumption for fee income from fund investment services.

In December 2016, we issued our forecast for financial year 2016/2017. Without regarding effects coming from the stock market, we expected net income for 2016/2017 would be "moderately" – that is, between ten and 20 percent – lower than net income determined on a comparable basis for the previous year. That basis is 46.3 million euros, and the expected net income was therefore to range from 37.0 million euros to 41.7 million euros.

At 44.1 million euros, net income after the first six months has already nominally exceeded the net income forecast for the full 2016/2017 financial year. True, the half-yearly net income is based to a not negligible degree on an increase in valuation multiples derived from the stock market, an effect that we expressly do not consider in our forecasts. Nevertheless, an equally not negligible part of the result (gross, i.e. before carried interest, 17.7 million euros) is covered by completed or agreed disposals. Based on the valuation level used for the valuations at 31 March 2017, we now expect net income to significantly exceed, meaning by more than 20 percent, that of the preceding year determined on a comparable basis; this would correspond to net income of at least 56 million euros.

As always, there is a risk that the positive effects from higher valuation multiples might decline by the end of the financial year or even become negative. Also, it cannot be excluded that the earnings position of our portfolio companies might be impaired in the wake of unexpected events; such possible events include persistently high geopolitical risks, emerging protectionism in the US and "Brexit" effects.

We again want to emphasise that, by the nature of our business model, short-term results are influenced by singular events; the result of a single quarter or half-year can therefore not be extrapolated to a full financial year.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

at 31 March 2017

Consolidated statement of comprehensive income

for the period from 1 October 2016 to 31 March 2017

€'000	**1 Oct. 2016 to 31 March 2017**	1 Oct. 2015 to 31 March 2016 restated[1]
Net result of investment activity	47,707	36,364
Fee income from fund management and advisory services	12,227	9,432
Net result of fund services and investment activity	**59,934**	**45,796**
Personnel costs	(9,703)	(7,760)
Other operating income	2,654	3,069
Other operating expenses	(8,537)	(8,998)
Interest income	7	34
Interest expenses	(255)	(256)
Total other income/expenses	**(15,834)**	**(13,911)**
Net income before taxes	**44,100**	**31,885**
Incomes taxes	0	173
Net income after taxes	**44,100**	**32,058**
Minority interest (gains)/losses	(20)	(18)
Net income	**44,080**	**32,040**
a) Items that will not be reclassified subsequently to profit or loss		
Gains/(losses) on remeasurements of the net defined benefit liability (asset)	(150)	68
b) Items that will be reclassified subsequently to profit or loss when specific conditions are met		
Unrealised gains/(losses) on available-for-sale securities	(473)	31
Other comprehensive income	**(622)**	**99**
Total comprehensive income	**43,458**	**32,139**
Earnings per share in € (diluted and basic)[1]	2.93	2.34

1 Restated after adjustment for amendments to IFRS 10 (see 2015/2016 Annual Report, p. 116, and note 2)
2 Earnings per share determined in compliance with IAS 33 are based on net income divided by the weighted average number of DBAG shares outstanding in the period

Consolidated statement of cash flows

for the period from 1 October 2016 to 31 March 2017

INFLOWS/(OUTFLOWS)

€'000	**1 Oct. 2016 to 31 March 2017**	1 Oct. 2015 to 31 March 2016 restated[1]
Net income	44,080	32,040
Valuation (gains)/losses on financial assets and loans and receivables, depreciation and amortisation on property, plant and equipment and intangible assets, (gains)/losses on long and short-term securities	(35,426)	(32,547)
(Gains)/losses from disposals of non-current assets	(12,441)	(936)
(Increase)/decrease in income tax assets	(116)	2,779
(Increase)/decrease in other assets (netted)	(5,973)	(753)
Increase/(decrease) in pension provisions	31	(173)
Increase/(decrease) in other provisions	(4,946)	(1,606)
Increase/(decrease) in other liabilities (netted)	(1,037)	122
Cash flows from operating activities [2]	**(15,830)**	**(1,074)**
Proceeds from disposals of property, plant and equipment and intangible assets	55	50
Purchase of property, plant and equipment and intangible assets	(291)	(648)
Proceeds from disposals of financial assets and loans and receivables	51,614	13,772
Acquisition of financial assets and loans and receivables	(26,863)	(21,206)
Proceeds from disposals of long and short-term securities	0	8,785
Investment in long and short-term securities	(26,024)	0
Cash flows from investing activities	**(1,510)**	**754**
Payments to shareholders (dividends)	(18,053)	(13,676)
Cash flows from financing activities	**(18,053)**	**(13,676)**
Change in cash funds from cash-relevant transactions	(35,392)	(13,997)
Cash funds at start of period	51,361	26,582
Cash funds at end of period	**15,969**	**12,585**

1 Restated after adjustment for amendments to IFRS 10 (see 2015/2016 Annual Report, p. 116, and note 2)
2 Contained therein are received and paid income taxes of -138 thousand euros (previous year: 3,021 thousand euros) as well as received and paid interest and dividends of 367 thousand euros (previous year: 515 thousand euros).

Consolidated statement of financial position

at 31 March 2017

€'000	31 March 2017	30 Sept. 2016 restated[1]
ASSETS		
Non-current assets		
Intangible assets	811	846
Property, plant and equipment	1,148	1,235
Financial assets	337,734	313,646
Loans and receivables	1,444	2,695
Long-term securities	46,507	21,279
Total non-current assets	**387,643**	**339,701**
Current assets		
Receivables	4,144	2,167
Income tax assets	2,364	2,247
Cash and cash equivalents	15,969	51,361
Other current assets	13,930	8,682
Total current assets	**36,407**	**64,457**
Total assets	**424,050**	**404,158**
LIABILITIES		
Equity		
Subscribed capital	53,387	53,387
Capital reserve	173,762	173,762
Retained earnings and other reserves	(8,676)	(8,054)
Retained profit	176,552	150,525
Total shareholders' equity	**395,025**	**369,619**
Liabilities		
Non-current liabilities		
Minority interest	147	127
Provisions for pension obligations	15,106	15,076
Other provisions	1,518	0
Total non-current liabilities	**16,772**	**15,203**
Current liabilities		
Other current liabilities	1,382	2,000
Other provisions	10,871	17,336
Total current liabilities	**12,253**	**19,335**
Total liabilities	**29,025**	**34,538**
Total shareholders' equity and liabilities	**424,050**	**404,158**

1 Restated after adjustment for amendments to IFRS 10 (see 2015/2016 Annual Report, p. 116, and note 2)

Consolidated statement of changes in equity

for the period from 1 October 2016 to 31 March 2017

€'000	1 Oct. 2016 to 31 March 2017	1 Oct. 2015 to 31 March 2016 restated[1]
Subscribed capital		
At end of reporting period	**53,387**	**48,533**
Capital reserve		
At end of reporting period	**173,762**	**141,394**
Retained earnings and other reserves		
Legal reserve		
At start and end of reporting period	403	403
First adoption IFRS		
At start and end of reporting period	16,129	16,129
Reserve for gains/losses on remeasurements of the defined benefit liability (asset)		
At start of reporting period	(25,115)	(18,504)
Change in reporting period	(150)	68
At end of reporting period	(25,265)	(18,436)
Change in unrealised gains/losses on available-for-sale securities		
At start of reporting period	529	403
Change in reporting period through other comprehensive income	(473)	116
Change in reporting period through profit or loss	0	(85)
At end of reporting period	57	435
At end of reporting period	**(8,676)**	**(1,470)**
Retained profit		
At start of reporting period	150,525	114,746
Dividends	(18,053)	(13,676)
Net income	44,080	32,040
At end of reporting period	**176,552**	**133,109**
Total	**395,025**	**321,567**

1 Restated after adjustment for amendments to IFRS 10 (see 2015/2016 Annual Report, p. 116, and note 2)

Condensed notes to the interim consolidated financial statements for the six months ended 31 March 2017

General Information

1. Basis of preparation

These interim consolidated financial statements of Deutsche Beteiligungs AG (DBAG) at 31 March 2017 have been prepared in accordance with § 37w (3) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) and in conformity with the rules of International Accounting Standard 34 (IAS 34). It is consistent with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Commission for use in the European Union. The compulsory interpretations of the International Financial Reporting Interpretations Committee (IFRIC) relevant to half-yearly financial reporting have also been applied.

The interim consolidated financial statements consist of the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of financial position, the consolidated statement of changes in equity and these condensed notes to the interim consolidated financial statements ("selected explanatory notes").

Deutsche Beteiligungs AG has made use of the simplification of stock exchange rules (§51a BörsO FWB) since the past financial year and issued a quarterly statement on the first quarter instead of a quarterly financial report. For that reason, the consolidated statement of comprehensive income and the consolidated statement of cash flows contained in the interim consolidated financial statements at 31 March 2017 do not present quarterly data.

The interim consolidated financial statements have been drawn up in euros. The amounts are presented rounded to thousands of euros, except when transparency reasons require presenting amounts in euros. Rounding differences in the tables in this report may therefore occur.

2. Changes in accounting methods due to amended rules

The following standards and interpretations were issued by the IASB and IFRIC and endorsed by the European Commission for application in the European Union. The effective date, indicating when the respective standard or interpretation is required to be applied, is given in parentheses. Deutsche Beteiligungs AG intends to initially apply the respective standards and interpretations for the annual period that starts after that effective date. No use will be made of voluntary early application of these standards and interpretations.

New and amended standards and interpretations that have become applicable in the current reporting year for the first time

In financial year 2016/2017, the following new standards and interpretations or amendments to standards and interpretations have become applicable for the first time (see 2015/2016 Annual Report, page 115f.):

- Annual improvements to IFRS "2012 to 2014 Cycle"
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"
- Amendments to IAS 27 "Separate Financial Statements"
- Amendments to IFRS 11 "Joint Arrangements"
- Amendments to IAS 1 "Presentation of Financial Statements"
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"

The amendments to IAS 16, IAS 27, IAS 38, IAS 41 and IFRS 11 are irrelevant for DBAG. The amendments to IAS 1, IAS 28 and IFRS 12 have no effect on the interim consolidated financial statements at 31 March 2017.

Annual improvements to IFRS "2012 to 2014 Cycle" (1 January 2016)

The following four standards were amended within the scope of the annual improvement project "2012 to 2014 Cycle":

- IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
- IFRS 7 "Financial instruments: Disclosures"
- IAS 19 "Employee Benefits"
- IAS 34 "Interim Financial Reporting"

The amendments to IFRS 5 relate to reclassifications of assets held for sale between the categories of assets being held for distribution and held for sale.

Amendments to disclosures on financial instruments in accordance with IFRS 7 clarify guidance on the reporting of transferred assets. If the transferring company is still involved in the asset based on a servicing or administrative contract, it is required to disclose information on this "continuing involvement".

The amendments to IAS 19 clarify that, in selecting discount rates for high-quality corporate bonds in markets lacking sufficient depth, government bonds in the same currency may be used instead.

The amendments to IAS 34 clarify that cross references in the primary report document to other parts of the report (e.g. to the risk report or the management report) are admissible only if the supplementary parts of the report are accessible to users of the financial statements in the same manner as the primary report document.

The amendments mentioned above have no impact on the half-yearly financial report of DBAG at 31 March 2017.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interest in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" (1 January 2016)

Based on the amendments to IFRS 10, subsidiaries of investment companies that meet the criteria of investment companies themselves must no longer be consolidated. These subsidiaries are now required to be carried at fair value (pursuant to IAS 39). Irrespective of this, subsidiaries whose main purpose and activity is to provide services within the scope of parent company's investment activity will continue to be consolidated. As an investment company, Deutsche Beteiligungs AG is affected by this amendment (for a comprehensive account, see page 119f. of the 2015/2016 Annual Report).

The subsidiary "Deutsche Beteiligungsgesellschaft mbH" (DBG) meets the criteria of an investment company based on its activity and with the adoption of the amendments to IFRS 10 in financial year 2016/2017 will no longer be consolidated. The interests held in this subsidiary have been fair valued through profit or loss in conformity with IAS 39 and were recognised in financial assets in the interim consolidated financial statements at 31 March 2017.

Due to the amendments to IFRS 10 "Consolidated Financial Statements", the previous year's amounts have been restated as follows.

The fair value of DBG at 30 September 2016 corresponds to the entity's net asset value in the consolidated financial statements of DBAG. The assets of DBAG primarily consist of the investments in the portfolio companies that have already been recognised at fair value in the consolidated financial statements, as well as of cash.

The following tables show the consolidated group of companies of Deutsche Beteiligungs AG at 31 March 2017 as well as the investment vehicles that are no longer consolidated based on their qualification as investment entities in compliance with IFRS 10 and are recognised at fair value. The term "co-investment vehicles" used previously has been replaced by "investment entity subsidiaries" due to the inclusion of DBG.

Group of consolidated companies

Name	Domicile	Capital interest %	If differing, voting interest %
DBG Management GmbH & Co. KG	Frankfurt am Main	100.00	
DBG New Fund Management GmbH & Co. KG	Frankfurt am Main	100.00	
DBG Managing Partner GmbH & Co. KG	Frankfurt am Main	20.00	
DBG Management GP (Guernsey) Ltd.	St. Peter Port, Guernsey	3.00	0.00
DBG Fund VI GP (Guernsey) LP	St. Peter Port, Guernsey	0.00	
AIFM-DBG Fund VII Management (Guernsey) LP	St. Peter Port, Guernsey	0.00	
DBG Fund VII GP S.à r.l.	Luxembourg-Findel, Luxembourg	100.00	
European PE Opportunity Manager LP	St. Peter Port, Guernsey	0.00	

Unconsolidated investment entity subsidiaries

Name	Domicile	Capital interest %
DBG Fourth Equity Team GmbH & Co. KGaA	Frankfurt am Main	100.00
DBAG Fund V Konzern GmbH & Co. KG	Frankfurt am Main	99.00
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	Frankfurt am Main	99.00
DBAG Fund VI Konzern (Guernsey) L.P.	St. Peter Port, Guernsey	99.99
DBAG Fund VII Konzern SCSp	Luxembourg-Findel, Luxembourg	99.99
DBAG Fund VII B Konzern SCSp	Luxembourg-Findel, Luxembourg	99.99
Deutsche Beteiligungsgesellschaft mbH	Königstein im Taunus	100.00

Due to the first-time adoption at 1 October 2015, there was no effect on the consolidated statement of comprehensive income. The effect on retained earnings and other reserves was +2,635 thousand euros and on the retained profit of -2,635 thousand euros, which therefore had no impact on equity.

The effects from the adoption of IFRS 10 on the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of financial position and the consolidated statement of changes in equity at item level as well as the change in earnings per share for the previous year are shown in the following tables:

Consolidated statement of comprehensive income

for the period from 1 October 2015 to 31 March 2016

€'000	1 Oct. 2015 to 31 March 2016		**1 Oct. 2015 to 31 March 2016**
	Before IFRS 10 adoption	Application effects IFRS 10	**Restated**
Net result of investment activity	36,194	170	36,364
Fee income from fund management and advisory services	9,432	0	9,432
Net result of fund services and investment activity	**45,625**	**170**	**45,796**
Personnel costs	(7,765)	5	(7,760)
Other operating income	3,234	(165)	3,069
Other operating expenses	(9,010)	13	(8,998)
Interest income	45	(11)	34
Interest expenses	(255)	(1)	(256)
Total other income/expenses	**(13,751)**	**(160)**	**(13,911)**
Net income before taxes	**31,874**	**10**	**31,885**
Incomes taxes	171	2	173
Net income after taxes	**32,045**	**12**	**32,058**
Minority interest (gains)/losses	(18)	0	(18)
Net income	**32,028**	**12**	**32,040**
a) Items that will not be reclassified subsequently to profit or loss			
Gains/(losses) on remeasurements of the net defined benefit liability (asset)	80	(12)	68
b) Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Unrealised gains/(losses) on available-for-sale securities	31	0	31
Other comprehensive income	**112**	**(12)**	**99**
Total comprehensive income	**32,139**	**0**	**32,139**
Earnings per share in € (diluted and basic) [1]	2.34		2.34

1 Earnings per share determined in compliance with IAS 33 are based on net income divided by the weighted average number of DBAG shares outstanding in the period.

Consolidated statement of cash flows

for the period from 1 October 2015 to 31 March 2016

INFLOWS/(OUTFLOWS)

€'000	1 Oct. 2015 to 31 March 2016		**1 Oct. 2015 to 31 March 2016**
	Before IFRS 10 adoption	Application effects IFRS 10[1]	**Restated**
Net income	32,028	12	32,040
Valuation (gains)/losses on financial assets and loans and receivables, depreciation and amortisation on property, plant and equipment and intangible assets, (gains)/losses on long and short-term securities	(32,155)	(391)	(32,547)
(Gains)/losses from disposals of non-current assets	(1,157)	221	(936
(Increase)/decrease in income tax assets	3,221	(442)	2,779
(Increase)/decrease in other assets (netted)	78	(831)	(753)
Increase/(decrease) in pension provisions	(315)	142	(173)
Increase/(decrease) in other provisions	(1,612)	5	(1,606)
Increase/(decrease) in other liabilities (netted)	128	(6)	122
Cash flows from operating activities [2]	**215**	**(1,289)**	**(1,074)**
Proceeds from disposals of property, plant and equipment and intangible assets			
Purchase of property, plant and equipment and intangible assets	50	0	50
Proceeds from disposals of financial assets and loans and receivables	(648)	0	(648)
Acquisition of financial assets and loans and receivables	13,994	(221)	13,772
Proceeds from disposals of long and short-term securities	(21,206)	0	(21,206)
Investment in long and short-term securities	8,785	0	8,785
Cash flows from investing activities	**975**	**(221)**	**754**
Payments to shareholders (dividends)	(13,676)	0	(13,676)
Cash flows from financing activities	**(13,676)**	**0**	**(13,676)**
Change in cash funds from cash-relevant transactions	(12,486)	(1,510)	(13,997)
Cash funds at start of period	28,234	(1,652)	26,582
Cash funds at end of period	**15,748**	**(3,163)**	**12,585**

1 Contained therein are received and paid income taxes of 3,461 thousand euros, restated of 3,021 thousand euros, as well as received and paid interest and dividends of 515 thousand euros.

Consolidated statement of financial position

at 30 September 2016

€'000	30 Sept. 2016		**30 Sept. 2016**
ASSETS	Before IFRS 10 adoption	Application effects IFRS 10	**Restated**
Non-current assets			
Intangible assets			
Property, plant and equipment	846	0	846
Financial assets	1,235	0	1,235
Loans and receivables	305,771	7,874	313,646
Long-term securities	2,695	0	2,695
Other non-current assets	21,279	0	21,279
Total non-current assets	**331,827**	**7,874**	**339,701**
Current assets			
Receivables	2,842	(675)	2,167
Short-term securities	1,330	(1,330)	0
Other financial instruments	2,447	(199)	2,247
Income tax assets	57,296	(5,935)	51,361
Cash and cash equivalents	8,890	(208)	8,682
Total current assets	**72,805**	**(8,348)**	**64,457**
Total assets	**404,632**	**(474)**	**404,158**
LIABILITIES			
Shareholders' equity			
Subscribed capital	53,387	0	53,387
Capital reserve	173,762	0	173,762
Retained earnings and other reserves	(11,392)	3,338	(8,054)
Retained profit	153,863	(3,338)	150,525
Total shareholders' equity	**369,619**	**0**	**369,619**
Liabilities			
Non-current liabilities			
Minority interest	127	0	127
Provisions for pension obligations	15,533	(458)	15,076
Total current liabilities	**15,661**	**(458)**	**15,203**
Current liabilities			
Other current liabilities	2,003	(4)	2,000
Other provisions	17,348	(12)	17,336
Total current liabilities	**19,351**	**(16)**	**19,335**
Total liabilities	**35,012**	**(474)**	**34,538**
Total shareholders' equity and liabilities	**404,632**	**(474)**	**404,158**

Consolidated statement of financial position

at 1 October 2015

€'000	1 Oct. 2015		**1 Oct. 2015**
	Before IFRS 10 adoption	Application effects IFRS 10	**Restated**
ASSETS			
Non-current assets			
Intangible assets	616	0	616
Property, plant and equipment	1,191	0	1,191
Financial assets	247,695	6,089	253,785
Loans and receivables	2,494	0	2,494
Long-term securities	26,370	0	26,370
Other non-current assets	214	0	214
Total non-current assets	**278,581**	**6,089**	**284,670**
Current assets			
Receivables	3,076	(786)	2,290
Short-term securities	3,741	0	3,741
Other financial instruments	2,134	(2,134)	0
Income tax assets	5,554	(641)	4,913
Cash and cash equivalents	28,234	(1,652)	26,582
Other current assets	5,844	(912)	4,932
Total current assets	**48,584**	**(6,126)**	**42,459**
Total assets	**327,165**	**(36)**	**327,129**
LIABILITIES			
Shareholders' equity			
Subscribed capital	48,533	0	48,533
Capital reserve	141,394	0	141,394
Retained earnings and other reserves	(4,204)	2,635	(1,569)
Retained profit	117,381	(2,635)	114,746
Total shareholders' equity	**303,104**	**0**	**303,104**
Liabilities			
Non-current liabilities			
Minority interest	121	0	121
Provisions for pension obligations	8,698	(12)	8,686
Other provisions	121	0	121
Total non-current liabilities	**8,939**	**(12)**	**8,928**
Current liabilities			
Other current liabilities	1,082	(9)	1,073
Other provisions	14,039	(15)	14,024
Total current liabilities	**15,121**	**(24)**	**15,097**
Total liabilities	**24,061**	**(36)**	**24,025**
Total shareholders' equity and liabilities	**327,165**	**(36)**	**327,129**

Consolidated statement of changes in equity

for the period from 1 October 2015 to 31 March 2016

€'000	1 Oct. 2015 to 31 March 2016		**1 Oct. 2015 to 31 March 2016**
	Before IFRS 10 adoption	Application effects IFRS 10 [1]	**Restated**
Subscribed capital			
At end of reporting period	**48,533**	**0**	**48,533**
Capital reserve			
At end of reporting period	**141,394**	**0**	**141,394**
Retained earnings and other reserves			
Legal reserve			
At start and end of reporting period	403	0	403
First adoption IFRS			
At start and end of reporting period	15,996	132	16,129
Reserve for gains/losses on remeasurements of the defined benefit liability (asset)			
At start of reporting period	(21,006)	2,502	(18,504)
Change in reporting period	80	(12)	68
At end of reporting period	(20,926)	2,490	(18,436)
Change in unrealised gains/losses on available-for-sale securities			
At start of reporting period	403	0	403
Change in reporting period through other comprehensive income	116	0	116
Change in reporting period through profit or loss	(85)	0	(85)
At end of reporting period	435	0	435
At end of reporting period	**(4,093)**	**2,623**	**(1,470)**
Retained profit			
At start of reporting period	117,381	(2,635)	114,746
Dividends	(13,676)	0	(13,676)
Net income	32,028	12	32,040
At end of reporting period	**135,732**	**(2,623)**	**133,109**
Total	**321,567**	**0**	**321,567**

The adoption has an effect on the previous year's net income of +12 thousand euros. In the consolidated statement of cash flows, the previous year's amounts under cash flows from operating activities were restated by -1,289 thousand euros, under cash flows from financing activities by -221 thousand euros as well as under cash funds at the start of the period by -1,652 thousand euros and at the end of the period by -3,163 thousand euros.

Other unconsolidated subsidiaries

Name	Domicile	Capital interest %
Bowa Geschäftsführungs GmbH i.L.	Frankfurt am Main	100.00
DBG Managing Partner Verwaltungs GmbH	Frankfurt am Main	20.00

"Other unconsolidated subsidiaries" no longer include the subsidiaries held by deconsolidated DBG.

DBG Managing Partner Verwaltungs GmbH does not provide investment-related services and is therefore not consolidated; it is recognised at fair value. Bowa Geschäftsführungs GmbH i.L. is not consolidated due to immateriality.

Standards and interpretations endorsed by the European Union for mandatory application in a future period

The following standards and interpretations were issued by the IASB and IFRIC and endorsed by the European Commission for application in the European Union.

- IFRS 9 "Financial Instruments" (1 January 2018)
- IFRS 15 "Revenue from Contracts with Customers (1 January 2018).

The effective date, indicating when the respective standard or interpretation is required to be applied, is stated in parenthesis. Deutsche Beteiligungs AG intends to initially apply the respective standards and interpretations for the annual period that starts after that effective date. No use will be made of voluntary early application of these standards and interpretations. We refer to pages 116 to 119 of the 2015/2016 Annual Report for a comprehensive discussion.

3. Accounting and valuation policies

Fair value measurement of financial assets through profit or loss

Due to the operating activities of the DBAG Group as a financial investor, the consolidated financial statements are largely characterised by the measurement of financial assets at fair value through profit or loss. Financial assets chiefly comprise:

- investment entity subsidiaries (subsidiaries that are not permitted to be consolidated, in compliance with IFRS 10)
- interests in associates (interests in portfolio companies with a proportion of the voting rights between 20 and 50 percent)
- other interests in portfolio companies, i.e. shares in portfolio companies with a proportion of the voting rights of less than 20 percent
- international fund investments

The investment entity subsidiaries are subsidiaries of DBAG through which DBAG co-invests in DBAG funds as well as a subsidiary through which DBAG indirectly invested in portfolio companies in the past. Due to the exemption of investment entities in IFRS 10, these subsidiaries are no longer consolidated. Instead, they are required to be treated as financial instruments in terms of IAS 39 and measured at fair value through profit or loss.

As a private equity firm in terms of IAS 28, DBAG makes use of the option of measuring the interests in associates in conformity with the rules of IAS 39 at fair value through profit or loss. Thus, no associates are carried at equity.

For other interests in portfolio companies and international fund investments, use is made of the option of designating these at fair value through profit or loss upon initial recognition (fair value option in accordance with IAS 39.9).

Valuation procedures used in measuring fair value

The fair values of the various classes of assets are measured in accordance with consistent valuation procedures and on the basis of uniform input factors. Valuation guidelines have been adopted for the application of fair value accounting. DBAG employs valuation procedures that are commonly used by market participants in the private equity sector to value portfolio companies. This industry standard is detailed in the recommendations of the International Private Equity and Venture Capital Valuation Guidelines (IPEVG) in the December 2015 edition, which DBAG applies.

A revised version of the valuation guidelines has replaced the version dated January 2016, which had been valid until then. Changes in the 2015 IPEV guidelines have been taken up in the valuation guidelines; they primarily relate to editorial adaptations. Within the scope of revising the valuation guidelines, we concretised our internal rules on retrospectively estimating the valuation quality (so-called backtesting), on consideration given to events between the measurement date and compilation date (adjusting events after the reporting period) as well as on calibration (deriving multiples from entry multiples).

Furthermore, the following valuation procedures are used:

- the sum-of-the-parts procedure for the net asset value of unconsolidated subsidiaries, especially of investment entity subsidiaries
- the multiples method for established portfolio companies
- the DCF procedure for strongly growing portfolio companies and for international fund investments

For a comprehensive account of valuation procedures, we refer to pages 124 to131 of the 2015/2016 Annual Report.

4. Significant events and transactions

Events and transactions that are significant for an understanding of the changes that have taken place in the Group's asset, financial and earnings position since the end of the preceding financial year are discussed in the interim management report in the section "Review of significant events and transactions" beginning on page 21.

5. Seasonal and cyclical effects

Seasonal and cyclical effects are mirrored in the valuation of financial assets at fair value through profit or loss. For further information we refer to the commentary on pages 32ff. of the interim management report.

6. Unusual items

No unusual items have been recorded affecting assets, liabilities, equity, net income for the period or cash flows, and which are unusual because of their nature, size or incidence.

7. Judgements in applying the accounting policies

Application of the accounting policies requires making judgements which can materially influence the reported amounts in the financial statements. The consolidation as well as accounting and valuation methods applied that were based on judgements are detailed on pages 124 to 131 of the 2015/2016 Annual Report. The amounts recognised in the financial statements are primarily influenced by the fair value of the investment entity subsidiaries. The fair value of the investment entity subsidiaries is significantly determined by the fair value of their portfolio companies.

8. Future-oriented assumptions and other major sources of estimation uncertainty

Preparation of this half-yearly financial report requires the use of future-oriented assumptions and estimations. These can have a material impact on the carrying amounts of consolidated statement of financial position items as well as the level of income and expenses. What future-oriented assumptions and estimations have in common is the uncertainty about the outcomes. The Board of Management takes decisions on assumptions and estimations after careful consideration of the most recently available reliable information and past experience. Assumptions and estimations also relate to issues over which the Board of Management has no influence, for instance, economic or financial market conditions. The actual outcomes can differ from the assumptions and estimations underlying this half-yearly financial report. In the event that new data and information become available or that changes take place, the assumptions and estimations are adjusted accordingly. The effect of a change in an assumption or estimation is recognised in the financial year that the change takes place and, if appropriate, in later financial years in the carrying amount of that item in the consolidated statement of financial position as well as in the consolidated statement of comprehensive income.

Due to assumptions about the future and other major sources of estimation uncertainty, there is a risk of having to make material adjustments to the carrying amounts of assets or liabilities within the financial year. We judge the materiality by means of the effects on net assets. We would consider an adjustment to the carrying amount in the range of three percent of total shareholders' equity as being material or when it serves to clarify the asset, financial and earnings position. Moreover, in our materiality judgements, we consider the possible effects in relation to the financial data in these interim consolidated financial statements as well as qualitative aspects.

A significant risk exists in financial assets and other financial instruments, the fair value of which was determined using inputs not based on observable market data (hierarchy Level 3, see note 14.2 of this half-yearly financial report). These are contained in "Financial assets" in the amount of 337,381 thousand euros (previous year: 313,293 thousand euros). They concern that part of the financial assets that is largely valued by the multiples method. The extent of possible effects in the event of an adaption of assumptions and estimations is not quantifiable. However, should the underlying multiples change by +/- 1, this would result ceteris paribus in an adjustment to the fair values recognised in the interim consolidated financial statements of +/- 63,669 thousand euros (previous year: 30,824 thousand euros). This equates to 16 percent of total shareholders' equity.

Notes to the consolidated statement of comprehensive income and the consolidated statement of financial position

9. Net result of investment activity

€'000	**1st half-year 2016/2017**	1st half-year 2015/2016 restated
Net result of valuation and disposal		
Interests in investment entity subsidiaries	22,817	41,261
Interests in portfolio companies	9,382	(7,663)
International fund investments	216	(21)
Other financial assets	1	393
	32,417	**33,971**
Current income		
Interests in investment entity subsidiaries	14,557	2,328
Interests in portfolio companies	733	65
Other financial assets	0	0
	15,291	**2,393**
	47,707	**36,364**

The result of valuation and disposal from interests in investment entity subsidiaries contains the result of valuation and disposal from the interests in portfolio companies they hold.

The result of valuation and disposal from interests in portfolio companies largely relates to the directly held investment in Grohmann in the amount of 9,334 thousand euros, the divestment of which was agreed in the first quarter.

Current income from investment entity subsidiaries relates exclusively to distributions of investment income by DBAG ECF and DBAG Fund V as well as disposal proceeds from investments undertaken by the buyout funds. Current income from portfolio companies includes distributions and interest on loans and purchase price receivables.

For further information on the net result of investment activity, we refer to the interim management report (see page 24).

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10. Fee income from fund management and advisory services

€'000	1st half-year 2016/2017	1st half-year 2015/2016
Fund management services		
DBG Fonds III	0	2
DBAG Fund V	1,444	2,208
DBAG ECF	244	165
Other	52	47
	1,740	**2,422**
Fund advisory services		
DBAG Fund VI	6,015	7,010
DBAG Fund VII	4,472	0
	10,487	**7,010**
	12,227	**9,432**

Management fee income stems from the management of private equity funds, alongside which Deutsche Beteiligungs AG co-invests.

Advisory fee income results from advisory services to the management companies of DBAG Fund VI and DBAG Fund VII.

11. Financial assets

€'000	31 March 2017	30 Sept. 2016
Interests in investment entity subsidiaries	330,483	289,600
Interests in portfolio companies	4,886	21,888
International fund investments	2,310	2,093
Other financial assets	55	64
	337,734	**313,646**

Financial assets are measured at fair value through profit or loss (see 2015/2016 Annual Report, note 3).

This item exhibited the following movements in the reporting period:

€'000	1 Oct. 2016	Additions	Disposals	Value movements	31 March 2017
Interests in investment entity subsidiaries	289,600	26,679	8,612	22,817	330,483
Interests in portfolio companies	21,888	0	17,050	48	4,886
International fund investments	2,093	0	0	216	2,310
Other financial assets	64	2	8	(4)	55
	313,646	**26,681**	**25,670**	**23,077**	**337,734**

€'000	1 Oct. 2015	Additions	Disposals	Value movements	30 Sept. 2016 restated
Interests in investment entity subsidiaries	218,143	51,096	33,928	54,289	289,600
Interests in portfolio companies	33,975	0	8,473	(3,613)	21,888
International fund investments	1,609	0	186	671	2,093
Other financial assets	58	13	0	(6)	64
	253,785	**51,108**	**42,588**	**51,340**	**313,646**

Additions recognised within the 2016/2017 half-yearly financial report chiefly relate to capital calls by the investment entity subsidiaries of DBAG Fund VI and DBAG ECF for the new investments in FRIMO Group GmbH, Polytech Health & Aesthetics GmbH and Dieter Braun GmbH (see interim management report, page 21f.).

Disposals under investment entity subsidiaries result from distributions following realisations of portfolio companies and repayments of shareholder loans or bridge financings that had been extended to portfolio companies.

Movements in value are recorded under the caption "Net result of investment activity" in the consolidated statement of comprehensive income (see note 9).

For more information on income from financial assets, we refer to the interim management report (see pages 23ff.).

12. Loans and receivables

€'000	1st half-year 2016/2017	2015/2016 restated
At start of financial year	2,695	2,494
Additions	0	2,849
Disposals	0	2,669
Reclassification	(1,253)	0
Value movements	1	22
At end of financial year	**1,444**	**2,695**

Reclassification of receivables relates to that part of a residual purchase price receivable from the disposal of the investment in Clyde Bergemann GmbH the remaining term of which had fallen below one year. The value movements result from discounting effects and currency rate changes.

13. Other financial commitments, contingent liabilities and trusteeships

OTHER FINANCIAL COMMITMENTS are detailed by call commitments and permanent debt obligations in the following nominal amounts:

€'000	31 March 2017	30 Sept. 2016
Call commitments	2,589	2,546
Permanent debt obligations	3,229	3,588
	5,818	**6,134**

Possible call commitments relate to investments in funds which may draw down additional funding for investments and costs, as well as contractually agreed potential investments in portfolio companies.

As in the preceding 2015/2016 financial year, there were no **CONTINGENT LIABILITIES** at 31 March 2017.

TRUST ASSETS totalled 11,736 thousand euros at 31 March 2017 (at start of financial year: 8,777 thousand euros). Of that amount, 6,224 thousand euros (previous year: 1,480 thousand euros) are attributable to purchase price retentions for two divested portfolio companies and 5,507 thousand euros (previous year: 7,292 thousand euros) as in the past to interests in two portfolio companies that are held by subsidiaries for two managed funds. Trust liabilities exist in an equal amount. DBAG does not generate income from trustee activities

Other disclosures

14. Financial instruments

The key items in the statement of financial position of Deutsche Beteiligungs AG containing financial instruments (financial assets and long- and short-term securities) are carried completely at fair value. Financial instruments carried at amortised cost are largely recognised in current assets or current liabilities. Their term is less than one year. For these instruments, we assume that the carrying amount reflects their fair value.

14.1 Classes of financial instruments

Classes of financial instruments according to IFRS 7 in the DBAG Group are designated in accordance with the categories defined in IAS 39. For financial assets that are measured at fair value through profit or loss, only such assets exist as were designated to this category due to the changed rules of IFRS 10 or upon initial recognition. These mainly relate to investments. Financial assets classified as held for trading or as held to maturity do not exist.

Financial instruments have been designated to the following categories:

VALUATION CATEGORY

€'000	**Carrying amount 31 March 2017**	**Fair value 31 March 2017**	Carrying amount 30 Sept. 2016 restated	Fair value 30 Sept. 2016 restated
Financial assets at fair value through profit of loss				
Financial instruments[1]	337,734	337,734	313,646	313,646
thereof hybrid instruments[1]	0	0	0	0
thereof equity instruments[1]	337,734	337,734	313,646	313,646
Other instruments[1]	0	0	0	0
	337,734	**337,734**	**313,646**	**313,646**
Available-for-sale financial assets				
Long-term securities	46,507	46,507	21,279	21,279
Short-term securities	0	0	0	0
	46,507	**46,507**	**21,279**	**21,279**
Loans and receivables				
Loans and receivables	1,444	1,444	2,695	2,695
Receivables	4,144	4,144	2,167	2,167
Cash and cash equivalents	15,969	15,969	51,361	51,361
Other current assets, if financial instruments[2]	13,743	13,743	7,132	7,132
	35,300	**35,300**	**63,355**	**63,355**
Other financial liabilities				
Minority interest	147	147	127	127

1 Designated as at fair value through profit or loss on initial recognition
2 Does not include prepaid expenses, value-added tax and other totalling 187 thousand euros (previous year: 1,550 thousand euros)

No impairments to financial instruments designated to the category of "Loans and receivables" were recorded in the reporting period or in the previous year.

Financial instruments in items "Loans and receivables", "Receivables" and "Other current assets" chiefly relate to portfolio companies and DBAG funds. Due to close relationships to obligors, 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 mostly not hedged.

Impairments are recognised when there is objective evidence that the obligor will not be able to meet his payment obligations in the future (see 2015/2016 Annual Report, note 3). An assessment of obligors' credit quality is derived from a regular exchange of information with the obligors.

14.2 Hierarchy of financial instruments

All financial instruments are categorised in conformity with IFRS 13 according to the following three levels, irrespective of whether they are measured at fair value or not:

LEVEL 1: Use of prices in active markets for identical assets or liabilities.

LEVEL 2: Use of inputs that are observable, either directly (as prices) or indirectly (derived from prices).

LEVEL 3: Use of inputs that are not materially based on observable market data (unobservable inputs). The materiality of these inputs is judged on the basis of their influence on fair value measurement.

HIERARCHY OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING BASIS:

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Fair value 31 March 2017	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Financial assets	337,734	0	352	337,381
Other financial instruments	0	0	0	0
	337,734	**0**	**352**	**337,381**
Available-for-sale financial assets				
Long-term securities	46,507	0	46,507	0
Short-term securities	0	0	0	0
	46,507	**0**	**46,507**	**0**
	384,241	**0**	**46,860**	**337,381**

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Fair value 30 Sept. 2016 restated	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Financial assets	313,646	0	352	313,293
Other financial instruments	0	0	0	0
	313,646	**0**	**352**	**313,293**
Available-for-sale financial assets				
Long-term securities	21,279	0	21,279	0
Short-term securities	0	0	0	0
	21,279	**0**	**21,279**	**0**
	334,925	**0**	**21,631**	**313,293**

Level 2 financial assets pertain to an investment which is measured at a purchase price indication in an illiquid market.

Level 2 securities relate to German public sector bonds of the highest credit ratings, the liquidity of which is limited due to their trading in the secondary market.

For all financial instruments recognised in the statement of financial position at fair value at 31 March 2017 and the preceding reporting date, fair value measurement is recurring. Over that period of time, there were no assets or liabilities in the DBAG Group that were valued by non-recurring fair value measurement.

For the classes as in IFRS 13, the valuation categories according to IAS 39 have been defined for Level 1 and 2 financial instruments in the DBAG Group.

Level 3 financial instruments have been allocated to the following **CLASSES**:

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Interests in investment entity subsidiaries	Interests in portfolio companies	International fund investments	Other	**Total**
31 March 2017					
Financial assets	330,483	4,534	2,310	55	337,381
Other financial instruments	0	0	0	0	0
	330,483	**4,534**	**2,310**	**55**	**337,381**
30 Sept. 2016 restated					
Financial assets	289,600	21,536	2,093	64	313,293
Other financial instruments	0	0	0	0	0
	289,600	**21,536**	**2,093**	**64**	**313,293**

RECONCILIATION of Level 3 financial instruments for the first six months of 2016/2017:

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	1 Oct. 2016	Additions	Disposals	Transfers	Gains/(losses) through profit or loss	31 March 2017
Financial assets						
Interests in investment entity subsidiaries	289,600	26,679	8,612	0	22,817	330,483
Interests in portfolio companies	21,536	0	17,050	0	48	4,534
International fund investments	2,093	0	0	0	216	2,310
Other	64	2	8	0	(4)	55
	313,293	**26,681**	**25,670**	**0**	**23,077**	**337,381**

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	1 Oct. 2015	Additions	Disposals	Transfers	Gains/(losses) through profit or loss	30 Sept. 2016 restated
Financial assets						
Interests in investment entity subsidiaries	218,143	51,096	33,928	0	54,289	289,600
Interests in portfolio companies	33,623	0	375	(8,098)	(3,613)	21,536
International fund investments	1,609	0	186	0	671	2,093
Other	58	13	0	0	(6)	64
	253,432	**51,108**	**34,490**	**(8,098)**	**51,340**	**313,293**

The transfer dates between Levels 1 to 3 correspond to the date of the event or of the change in circumstances that caused the transfer.

There was one transfer in the amount of 8,098 thousand euros from Level 3 to Level 1 in the previous year's period in interests in portfolio companies. The basis for the transfer was a signed purchase agreement on the sale of an investment.

The gains through profit or loss totalling 23,077 thousand euros (previous year: 51,340 thousand euros) are contained in item "Net result of investment activity" (thereof net result of disposal: 0 thousand euros (previous year: 0 thousand euros) and net result of valuation: 23,077 thousand euros (previous year: 51,340 thousand euros) relating to financial instruments held at the end of the reporting period).

For Level 3 financial instruments at fair value, the possible **RANGES FOR UNOBSERVABLE INPUTS** are as follows:

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	**Fair value 31 March 2017**	Valuation method	Unobservable inputs	Range
Financial assets				
Interests in investment entity subsidiaries	330,483	Net asset value[1]	Average EBITDA/EBITA margin	4% to 38%
			Net debt[2] to EBITDA	-2 to 7
			Multiples discount	0% to 20%
Interests in portfolio companies	4,534	Multiples method	Average EBITDA/EBITA margin	6% to 6%
			Net debt[2] to EBITDA	3 to 3
			Multiples discount	0% to 0%
International fund investments	2,310	DCF	n.a.	n.a.
Other	55	Net asset value	n.a.	n.a.
	337,381			
Other financial instruments				
Interests in portfolio companies	0	Multiples method	Average EBITDA/EBITA margin	8% to 10%
			Net debt[2] to EBITDA	1 to 2
			Multiples discount	0% to 10%
	337,381			

1 In the sum-of-the-parts method for interests in investment entity subsidiaries a significant share relates to the interests in portfolio companies. Insofar as the multiples method is used for the interests in portfolio companies, the same unobservable inputs are applied that are used in determining the fair value of "Interests in portfolio companies" (see also commentary in 2015/2016 Annual Report, note 3)

2 Net debt of portfolio company

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Fair value 30 Sept. 2016	Valuation method	Unobservable inputs	Range
Financial assets				
Interests in investment entity subsidiaries	289,600	Net asset value[1]	Average EBITDA/EBITA margin	2% to 35%
			Net debt[2] to EBITDA	-1 to 6
			Multiples discount	0% to 30%
Interests in portfolio companies	21,536	Multiples method	Average EBITDA/EBITA margin	6% to 10%
			Net debt[2] to EBITDA	1 to 3
			Multiples discount	0% to 0%
International fund investments	2,093	DCF	n.a.	n.a.
Other	64	Net asset value	n.a.	n.a.
	313,293			
Other financial instruments				
Interests in portfolio companies	0	Multiples method	Average EBITDA/EBITA margin	7% to 11%
			Net debt[2] to EBITDA	1 to 2
			Multiples discount	0% to 15%
	313,293			

1 See footnote 1 in preceding table
2 See footnote 2 in preceding table

By reasonable estimate, **CHANGES IN UNOBSERVABLE INPUTS** would have the following effects on fair value measurement of Level 3 financial instruments:

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	**Fair value 31 March 2017**	Change in unobservable inputs		Change in fair value
Financial assets[1]				
Interests in investment entity subsidiaries	330,483	EBITDA and EBITA	+/- 10%	29,465
		Net debt	+/- 10%	8,157
		Multiples discount	+/- 5 percentage points	5,655
Interests in portfolio companies	4,534	EBITDA and EBITA	+/- 10%	654
		Net debt	+/- 10%	262
		Multiples discount	+/- 5 percentage points	0
International fund investments	2,310		n.a.	n.a.
Other	55		n.a.	n.a.
	337,381			
Other financial instruments				
Interests in portfolio companies	0	EBITDA and EBITA	+/- 10%	1
		Net debt	+/- 10%	0
		Multiples discount	+/- 5 percentage points	0
	337,381			

1 For financial assets that were acquired within the past twelve months, a change in the unobservable inputs has no effect on the fair value, inasfar as these were valued at their transaction price at the valuation date, in accordance with the IPEVG.

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Fair value 30 Sept. 2016	Change in unobservable inputs		Change in fair value
Financial assets[1]				
Interests in investment entity subsidiaries	289,600	EBITDA and EBITA	+/- 10%	26,102
		Net debt	+/- 10%	8,151
		Multiples discount	+/- 5 percentage points	6,464
Interests in portfolio companies	21,536	EBITDA and EBITA	+/- 10%	2,399
		Net debt	+/- 10%	370
		Multiples discount	+/- 5 percentage points	0
International fund investments	2,093		n.a.	n.a.
Other	64		n.a.	n.a.
	313,293			
Other financial instruments				
Interests in portfolio companies	0	EBITDA and EBITA	+/- 10%	39
		Net debt	+/- 10%	5
		Multiples discount	+/- 5 percentage points	0
	313,293			

1 See footnote 1 in preceding table

The difference between the unobservable inputs EBITDA and EBITA is depreciation on property, plant and equipment. The key factors influencing income have an effect on both unobservable inputs; consequently, there is an interrelationship between EBITDA and EBITA. For that reason, the change in fair value is shown together in the sensitivity analysis for the two unobservable inputs, with all other inputs remaining constant.

The sensitivity analysis for net debt and multiples discount considers the effects of a change in one input, with all other inputs remaining constant.

14.3 Net gains/losses on financial instruments recognised at fair value in the statement of financial position

Net gains and losses on financial instruments at fair value recognised in the statement of financial position comprise fair value movements through profit or loss, realised gains or losses on disposal of financial instruments, impairment losses, reversals through profit or loss and currency rate changes.

Contained in the consolidated statement of comprehensive income are the following **NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS RECOGNISED AT FAIR VALUE IN THE STATEMENT OF FINANCIAL POSITION**:

NET GAINS/(LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

€'000	**1st half-year 2016/2017**	**Level 1**	**Level 2**	**Level 3**	1st half-year 2015/2016 restated	Level 1	Level 2	Level 3
Net result of investment activity	47,347	0	0	47,347	36,299	(7,835)	251	43,883
Other operating income	0	0	0	0	0	0	0	0
Other operating expenses	0	0	0	0	0	0	0	0
	47,347	**0**	**0**	**47,347**	**36,299**	**0**	**0**	**36,299**

NET GAINS/(LOSSES) ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

€'000	**1st half-year 2016/2017**	**Level 1**	**Level 2**	**Level 3**	1st half-year 2015/2016 restated	Level 1	Level 2	Level 3
Other operating income	0	0	0	0	67	0	67	0
Other operating expenses	0	0	0	0	(21)	0	(21)	0
Total other income/expenses	**0**	**0**	**0**	**0**	**46**	**0**	**46**	**0**
Unrealised gains/(losses) on available-for-sale securities	(473)	0	(473)	0	31	0	31	0
thereof transfers from other comprehensive income to profit or loss	0	0	0	0	(85)	0	(85)	0
Net result of valuation and disposal	**(473)**	**0**	**(473)**	**0**	**116**	**0**	**116**	**0**
Interest income	**0**	**0**	**0**	**0**	**3**	**0**	**3**	**0**

Net gains/(losses) on financial assets at fair value through profit or loss result from financial assets that are required to be recognised at fair value based on IFRS 10 and financial assets that were designated as at fair value through profit or loss on initial recognition.

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

Equity or debt instruments were neither issued, repurchased nor repaid by Deutsche Beteiligungs AG in the first six months of financial year 2016/2017.

16. Disclosures on segment reporting

The business policy of Deutsche Beteiligungs AG is geared to augmenting the enterprise value of DBAG over the long term through successful investments in portfolio companies in conjunction with sustainable income from management and advisory services to funds. The investments are always entered into as a co-investor alongside DBAG funds, either as majority investments by way of management buyouts (MBOs) or minority investments aimed at financing growth.

The complete Board of Management (as the "chief operating decision maker" in terms of the IFRS) manages the two business lines of investments and fund management and advisory services based on the operating result (segment net income). For that reason, the business lines of Private Equity Investments and Fund Investment Services are presented as reportable segments.

SEGMENTAL ANALYSIS FOR THE 1ST HALF-YEAR 2016/2017

€'000	Private Equity Investments	Fund Investment Services	Reconciliation Group	Group 1st half-year 2015/2016
Net result of investment activity	47,707	0	0	47,707
Fee income from fund management and advisory services[1]	0	12,788	(561)	12,227
Net result of fund services and investment activity	**47,707**	**12,788**	**(561)**	**59,934**
Other income/expenses	(5,821)	(10,575)	561	(15,834)
Net income before taxes (segment net income)	**41,887**	**2,214**	**0**	**44,100**
Income taxes				0
Net income after taxes				**44,100**
Minority interest (gains)/losses				(20)
Net income				**44,080**
Financial assets and loans and receivables	**339,178**			
Financial resources[2]	**62,476**			
Managed assets[3]		**1,809,177**		

1 A synthetic internal administration fee is calculated for the Investmentsegment and taken into account when determining segment net income. The fee is based on DBAG's co-investment interest.
2 The financial resources serve DBAG for investments in financial assets and loans and receivables. They contain line items "Cash and cash equivalents", "Long-term securities" and "Short-term securities".
3 Managed assets comprise financial assets, loans and receivables, the financial resources of DBAG as well as the investments and callable capital commitments to DBAG-managed private equity funds. The investments and loans and receivables are recognised at cost.

SEGMENTAL ANALYSIS FOR THE 1ST HALF-YEAR 2015/2016

€'000	Private Equity Investments	Fund Investment Services	Reconciliation Group	Group 1st half-year 2015/2016 restated
Net result of investment activity	36,364	0	0	36,364
Fee income from fund management and advisory services[1]	0	10,087	(656)	9,432
Net result of fund services and investment activity	**36,364**	**10,087**	**(656)**	**45,796**
Other income/expenses	(4,094)	(10,473)	656	(13,911)
Net income before taxes (segment net income)	**32,270**	**(386)**	**0**	**31,885**
Income taxes				173
Net income after taxes				**32,058**
Minority interest (gains)/losses				(18)
Net income				**32,040**
Financial assets and loans and receivables	**297,983**			
Financial resources[2]	**33,882**			
Managed assets[3]		**943,610**		

1 See commentary in footnote 1 in preceding table
2 See commentary in footnote 2 in preceding table
3 See commentary in footnote 3 in preceding table

17. Related party transactions

At 31 March 2017, the members of the Board of Management involved held the following numbers of shares in the Company: Torsten Grede 20,323; Dr Rolf Scheffels 10,290; Susanne Zeidler 9,000. Of the members of the Supervisory Board, Philipp Möller held 1,000 shares; and Wilken von Hodenberg 1,000 shares in Deutsche Beteiligungs AG.

Loans advanced to key management personnel totalled 214 thousand euros (previous year: 539 thousand euros). In the six months to 31 March 2017, Deutsche Beteiligungs AG received interest in the amount of 7 thousand euros on these loans. No loans have been granted to members of the Board of Management.

Key management personnel and former key management personnel involved have neither made investments in, nor were there repayments from the investment activities of **DBAG FUND IV** attributable to them in the first six months of financial year 2016/2017.

Key management personnel and former key management personnel involved have made the following investments in, and/or have the following repayments from the investment activities of **DBAG FUND V** attributable to them in the first six months of financial year 2016/2017:

	Investments in the period		Aggregate investment at reporting date		Repayments in the period	
€'000	Management board	Senior executives	Management board	Senior executives	Management board	Senior executives
Period from 1 Oct. 2016 to 31 March 2017						
DBG Advisors V GmbH & Co. KG	0	0	3,408	2,527	12,837	9,805

In the first six months of financial year 2016/2017, key management personnel and former key management personnel involved have made the following investments in, and/or have the following repayments from the investment activities of **DBAG EXPANSION CAPITAL FUND** attributable to them:

	Investments in the period		Aggregate investment at reporting date		Repayments in the period	
€'000	Management board	Senior executives	Management board	Senior executives	Management board	Senior executives
Period from 1 Oct. 2016 to 31 March 2017						
DBG Advisors Expansion GmbH & Co. KG	14	69	261	983	0	0

In the first six months of financial year 2016/2017, key management personnel and former key management personnel involved have made the following investments in, and/or have the following repayments from the investment activities of DBAG Fund VI attributable to them:

	Investments in the period		Aggregate investment at reporting date		Repayments in the period	
€'000	Management board	Senior executives	Management board	Senior executives	Management board	Senior executives
Period from 1 Oct. 2016 to 31 March 2017						
DBG Advisors VI & Co. KG	789	1,312	2,871	4,320	0	0

In the first six months of financial year 2016/2017, key management personnel and former key management personnel involved have made the following investments in, and/or have the following repayments from the investment activities of **DBAG FUND VII** attributable to them:

	Investments in the period		Aggregate investment at reporting date		Repayments in the period	
€'000	Management board	Senior executives	Management board	Senior executives	Management board	Senior executives
Period from 1 Oct. 2016 to 31 March 2017						
DBG Advisors VII GmbH & Co. KG	0	0	8	0	0	0
DBG Team VII GmbH & Co. KG	16	0	18	0	0	0
Total 1st half-year 2016/2017	**16**	**0**	**26**	**0**	**0**	**0**

For investments made in and/or the repayments received by key management personnel and former key management personnel from the activities of DBAG funds in the first six months of financial year 2015/2016, we refer to our report at 31 March 2016.

Apart from these, there were no other related party transactions in the first six months of financial year 2016/2017 materially affecting the asset, financial or earnings position of the Group in this period.

18. Changes in the composition of the Group

There were no changes in the composition of the Deutsche Beteiligungs AG Group compared with the status at 30 September 2016.

19. Significant events after the end of the reporting period

For information on significant events after the end of the period, we refer to the interim management report, page 34.

OTHER INFORMATION

Statement of responsibility

We confirm to the best of our knowledge, and in accordance with the applicable reporting principles for half-yearly financial reporting, that the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group presents a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Frankfurt am Main, 2 May 2017

The Board of Management

Torsten Grede   Dr Rolf Scheffels   Susanne Zeidler

Auditor's report

We have reviewed the interim consolidated financial statements – comprising the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and condensed notes – together with the interim management report of Deutsche Beteiligungs AG, Frankfurt am Main, for the period from 1 October 2016 to 31 March 2017 that are part of the half-yearly financial report according to § 37 w WpHG "German Securities Trading Act". The preparation of the interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and of the interim management report in accordance with the requirements of the WpHG applicable to interim management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the interim consolidated financial statements and on the interim management report based on our review.

We performed our review of the interim financial statements and the interim management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, and that the interim management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, or that the interim management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim management reports.

Frankfurt am Main, 3 May 2017

KPMG AG
Wirtschaftsprüfungsgesellschaft

Portfolio Companies

Company	2016 Revenue €mn	Employees	Core business
Cleanpart Group GmbH	52	570	Services for the semi-conductor industry, hospitals and other industries
Dieter Braun GmbH	77	1,500	Cable assembly and lighting solutions for the automotive industry
DNS:NET Internet Service GmbH	11	90	Telecommunications and IT services based on high-quality fibre-optic infrastructure in Berlin and Brandenburg
Formel D GmbH	250	7,165	Services for car manufacturers and their suppliers
Frimo Group GmbH	209	1,300	Tooling and plants for the production of plastic components in cars
Gienanth GmbH	119	875	Machine-moulded and hand-moulded castings for the automotive supplier industry and for the production of engine blocks
Heytex Bramsche GmbH	102	500	Producer of textile print media and technical textiles
inexio KGaA	51	180	Telecommunications and IT services based on high-quality optic-fibre infrastructure in southwest Germany
Infiana Group GmbH	197	800	Producer of plastic-based release liners and specialised films
JCK Holding GmbH Textil KG	555	900	Textile trading company to discounters in Germany
mageba AG	97	800	Products and services for the infrastructure and building sectors
More than Meals Europe	435	3,250	Chilled convenience food
Novopress KG	n. a.	95	Tool systems for the sanitary, electronics and construction industries
Oechsler AG	349	2,259	Injection-mounded precision components with a focus on the automotive supplier industry
Pfaudler Process Solutions Group	224	1,400	Glass-lined vessels and components for the chemical and pharmaceutical industries
Plant Systems & Services PSS GmbH	41	210	Industrial services for the energy and process industries
Polytech Health & Aesthetics GmbH	31	180	Silicone implants
ProXES GmbH	112	455	Machines and processing lines for the production of liquid and semi-liquid food products
Rheinhold & Mahla GmbH	94	480	Interior outfitting for ships and marine installations
Romaco GmbH	134	550	Machines and plants for packaging tablets
Schülerhilfe GmbH	67	430	Education and tutoring services in Germany
Silbitz Group GmbH	151	1,052	Hand-moulded and automated machine-moulded processes for various materials
Telio GmbH	29	110	Communications and media systems for correctional facilities
Unser Heimatbäcker GmbH	141	2,750	Bakery chain in northeast Germany
Investments in externally managed international buyout funds			
DBG Eastern Europe II	Since 2010 in the divestment phase; the portfolio contains two remaining of originally ten investments		
Harvest Partners IV	Since 2007 in the divestment phase; the portfolio contains one remaining of originally nine investments		

“2016 revenue” partially still refers to forecast revenues for the year 2016. Some companies have financial years that differ from calendar years.
mageba AG: amounts in CHF. Pfaudler Process Solutions Group: amounts in US$.

As at 8 May 2017

Forward-looking statements

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

Disclaimer

The amounts in this half-yearly financial report are generally presented in thousands and millions of euros. Rounding differences can occur between the amounts presented and their exact value; these, or course, are not of a significant nature.

This half-yearly financial report is published in German and in English. The German version of this report is authoritative.

As at 8 May 2017

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

Financial calendar

9 MAY 2017
Publication of the half-yearly financial report,
Analysts' conference call

10 MAY 2017
DSW Forum,
Dusseldorf

2 JUNE 2017
Baader Helvea Alternative Asset Manager Day,
London

6 – 8 JUNE 2017
Road show USA

13/14 JUNE 2017
Kalliwoda Investor Conference,
Warsaw

15 JUNE 2017
LPEQ Investor Conference 2017,
London

22/23 JUNE 2017
Berenberg Pan-European Discovery Conference,
Venice

8 AUGUST 2017
Publication of the quarterly statement
on the third quarter,
Analysts' conference call

31 AUGUST 2017
Road show Brussels

AUGUST/SEPTEMBER 2017
Road show London/Dublin

19 – 21 SEPTEMBER 2017
Baader Investment Conference,
Munich

DEAR SHAREHOLDER,

Would you be interested in receiving regular news and information on Deutsche Beteiligungs AG? We would be glad to include you on our shareholder mailing list. To register, please complete this page and return it to us by post, fax or e-mail. You will find our contact details at the bottom of this page.

Additionally, our shareholder portal is available for you throughout the year. There, you can register to receive by e-mail the invitation to and other documents for Annual Meetings, view your shareholder data and edit your contact details.

You can access our shareholder portal at: https://ip.computershare.de/deutsche-beteiligung or via our website: https://www.dbag.de/IR/.

PERSONAL DATA

Title/first name/last name:

Street/house number:

Postcode/city/country:

E-mail address:

Shareholder number (if at hand):

Please forward the following information/documents to me:

- ☐ News/information on Deutsche Beteiligungs AG by e-mail
- ☐ Annual Report of Deutsche Beteiligungs AG by post
- ☐ Invitation to Annual Meetings of Deutsche Beteiligungs AG exclusively by e-mail

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Symbol: DBAGn (Reuters),
DBAN (Bloomberg)