Deutsche Beteiligungs AG

HALF-YEARLY FINANCIAL REPORT

AT 31 MARCH 2019

FIRST HALF-YEAR AND SECOND QUARTER

OF 2018/2019

AT A GLANCE

Exchange-listed Deutsche Beteiligungs AG invests in well-positioned mid-sized companies with potential for growth. For many years, we have focused on industrial business models 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 world. We have achieved superior performance over many years – for our portfolio companies as well as for our shareholders and investors.

CONSOLIDATED KEY FIGURES

		1st half-year 2018/2019	1st half-year 2017/2018 Restated[1]	**2nd quarter 2018/2019**	2nd quarter 2017/2018 Restated[1]
Private Equity Investments segment					
Net gains or losses from investment activity	€mn	9.5	20.2	30.6	8.5
Earnings before tax	€mn	5.8	16.3	28.7	6.8
Cash flow from investment activity	€mn	-25.1	4.0	-7.6	3.4
Net asset value (31 March)	€mn	442.2	437.6		
thereof portfolio value (31 March)	€mn	389.7	293.8		
Number of investments (31 March)		29	26		
Fund Investment Services segment					
Fee income from fund management and advisory services	€mn	14.3	14.7	6.7	7.5
Earnings before tax	€mn	1.8	2.2	0.4	1.6
Assets under management or advisory (31 March)	€mn	1,675.2	1,765.1		
Group					
Earnings before tax (EBT)	€mn	7.6	18.5	29.0	8.4
Net income	€mn	7.6	18.5	29.0	8.4
Consolidated retained profit	€mn	208.8	211.8		
Equity (31 March)	€mn	429.6	433.4		
Earnings per share[2]	€	0.51	1.23	1.93	0.56
Equity per share (31 March)	€	28.56	28.81		
Change in equity per share[3]	%	1.8	4.4	7.3	1.8
Number or employees (31 March, including vocational trainees)[4]		73	67		

1 Restated in accordance with IAS 8 (see Note 3 of the notes to the condensed consolidated financial statements)
2 Based on the weighted average number of shares in the respective period
3 Change in equity per share, based on the equity per share at the beginning of the reporting period (less the amount earmarked for distribution)
4 31 March 2019: four positions temporarily duplicated, due to change of staff; higher share of temporary workers

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LETTER TO OUR SHAREHOLDERS

Frankfurt/Main, 13 May 2019

Dear Shareholders,

We are listed in Deutsche Börse's Prime Standard segment, where stringent transparency requirements apply. Our aim is to reach out to investors on a global scale, which is also why we are committed to meeting these requirements as a matter of course. One of our duties is to provide quarterly reports. However, casting an eye over the latest quarterly results highlights that this also brings with it some unique challenges, particularly in terms of capital market communications.

Strong volatility on the equity markets, and the related fluctuations in the multiples used for valuation of our portfolio companies, impacted to varying degrees on the Group's net income in the first two quarters. This demonstrates once again that the information value of a single quarterly result is comparatively low, in the case of Deutsche Beteiligungs AG. Thanks to the strong upturn in share prices since the start of the year, the second quarter results were several times higher than the average quarterly results. There is a gap of almost 50 million euros – almost twelve per cent of equity – between the Group' s net income for the first and second quarters. It is therefore vital not to let capital market developments distort our view of the value-added generated by the overall continued robust development of our portfolio companies.

Consequently, the Group’s net income achieved at the end of the first half-year is purely interim information in this respect. Reaching our target for 2018/2019 will largely depend on how the equity markets perform over the coming months. We are sticking to our forecasts in the meantime, despite deteriorating economic conditions. We will address this subject in more detail in the report.

The benchmark by which we wish to be judged is on whether we have increased the value of your investment in Deutsche Beteiligungs AG in the long term, meaning over a period of ten years. During the first six months of this financial year, we have added three equity investments to our portfolio. Over the coming years, we believe these will serve to enhance shareholder value.

The Board of Management
of Deutsche Beteiligungs AG

Torsten Grede | Dr Rolf Scheffels | Susanne Zeidler

THE DBAG SHARE

The DBAG share – access to the attractive private equity asset class

Private equity exposure – through a single share

DBAG shares allow investors to participate in a unique integrated business model: they are given access to continuous earnings contributions made by the advisory services provided to private equity funds and, at the same time, the opportunity to participate in the performance of a portfolio of top-performing mid-sized companies that are not themselves listed. Private equity opens up additional potential to such companies – this benefits both the companies themselves and DBAG's shareholders. Sometimes – as in the past year – the implementation of planned measures has to be postponed, or the measures themselves have to be adjusted; this is also part of our business model. It is in situations like these, however, that our decades of experience in supporting change processes become all the more important. At the same time, we are continuously rejuvenating the portfolio – thanks to our brisk investment activity. The portfolio currently comprises 29 companies, over a third of which are still in the very early days of realising their value-adding potential.

Investor Relations: focus on proactive communications

We have traditionally sought to maintain intensive dialogue with investors and financial analysts. In the current financial year, we are once again using a range of communication channels in order to achieve this – in particular, face-to-face meetings, analyst conferences and selected capital market conferences. In the first half of the year, we spoke to almost 30 investors in three European countries over a period of five days to present our share: we informed investors on business development, and we also explained our further strategic development. For the second half of the year, we plan to spend another 15 days with investor contacts.

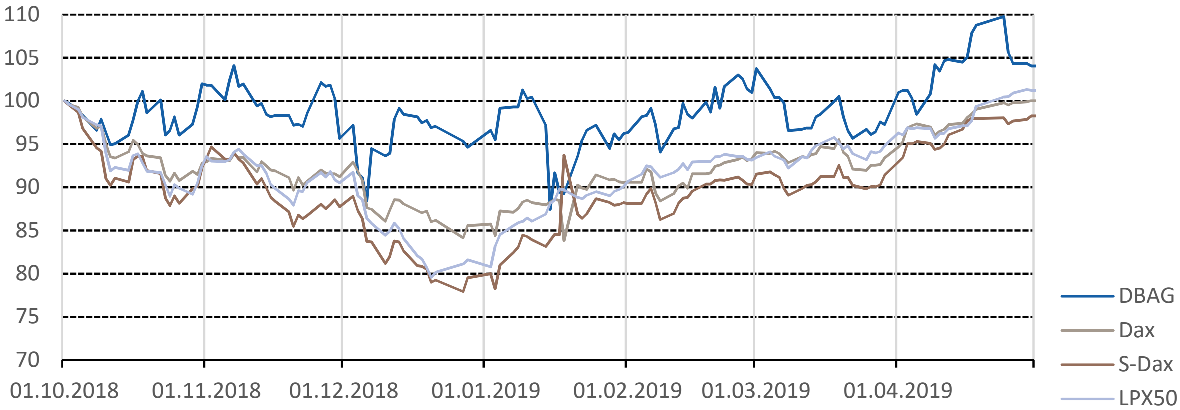
Our expectation that the implementation of the Markets in Financial Instruments Directive (MiFID II) will lead to increased requirements for our investor relations work has been confirmed. MiFID II has initiated a change in the relationships between research providers, issuers and investors. The number of banks providing research for companies of our size is declining. Issuers are required to pay directly or indirectly in respect of organising talks with existing or potential investors. We have adapted to the new market conditions, and strengthened our own resources.

Share price performance and analyst assessments

DBAG share price outperforms the market

In the first half-year of 2018/2019, our share price was less volatile than the market as a whole. While the Dax and S-Dax at times traded up to 20 per cent lower than at the start of our financial year, the DBAG share price remained within a narrow band of plus/minus five per cent relative to the price at the start of the financial year. The only exceptions to this were two short phases – at the beginning of December 2018, and in mid-January 2019. However, theses significant dips in the share price were corrected within a short period of time. Our share price finished the first half-year at 33.10 euros. Taking into account the dividend of 1.45 euros per share that has been distributed in the meantime, this results in a slightly negative share price performance of 2.7 per cent in the first half-year, while the benchmark indices fell by 8.6 per cent (S-Dax) and 6.6 per cent (DAX), respectively. The LPX50, sector index for international listed private equity companies, also recorded a greater fall in value than ours – of 5.2 per cent. The positive share price performance continued at the beginning of the second half-year.

PERFORMANCE OF THE DBAG SHARE, AND OF KEY INDICES
(1 October 2018 - 30 April 2019; index: 1 October 2018 = 100)



Liquidity: considerable increase in trading volume on the Regulated Market

Trading activity in our shares has traditionally been particularly high – in terms of the number of shares traded – in the second quarter of the financial year, when our dividend is paid out. Accordingly, turnover between January and March 2019 was higher than in the previous quarter, albeit less so than in previous years. Compared to trading activity in the 2017/2018 financial year, liquidity of DBAG shares declined overall, both in absolute and relative terms. In the first half of 2018/2019, an average of over 28,500 DBAG shares were traded daily on Germany's stock exchanges, around 35 per cent less than in the first half of 2017/2018. In view of the lower share price level, the trading volume achieved was less than half the level of the previous year. By contrast, the trading volume of German shares in the C-Dax was only ten per cent lower in the first two quarters of the current financial year than in the same period of the previous year. The difference vis-à-vis the overall market is put into perspective if a longer observation period is taken into account: a comparison of trading activity in the first two quarters of 2018/2019 with the same period of the financial year 2016/2017 shows similar rates of change for the DBAG share and for C-Dax shares.

DBAG SHARE TRADING DATA[1]

		1st half-year 2018/2019	1st half-year 2017/2018	1st half-year 2016/2017	1st half-year 2015/2016	1st half-year 2014/2015
Closing price at the start of the half-year	€	35.45	45.98	30.38	24.95	21.96
Closing price at the end of the half-year	€	33.10	39.35	31.95	26.95	29.77
High (closing price)	€	36.90	52.10	36.40	29.76	33.94
Low (closing price)	€	31.00	39.35	29.59	23.53	21.96
Market capitalisation[2] – total	€mn	498.0	601.0	480.7	368.6	407.1
Average turnover per trading day[3]	Shares	28,525	44,017	31,061	32,425	75,001
Average turnover per trading day[3]	€mn	0.971	2.031	1.022	0.875	2.205

1 "H1 2018/2019", "H1 2017/2018", "H1 2016/2017" and "H1 2015/2016" include the period from1 October to 31 March of the following year, "H1 2014/2015" includes the period from 1 November to 30 April of the following year.
2 End of the half-year period
3 Exchange trading

In addition to turnover on German exchanges, additional volumes were executed in interbank trading and on electronic trading platforms. This turnover continued to rise in the first half-year of 2018/2019, reaching an average daily volume of around 22,700 shares. The significance of the Xetra trading platform for trading in our shares continues to decline. The proportion of trading executed on Deutsche Börse's electronic platform declined considerably: at 45 per cent (previous year: 56 per cent), it did not even account for half of all turnover in our share.

Research: analysts give DBAG shares a positive rating overall

As a result of the changes in banks' capital markets business referred to above, only four banks now publish regular analyses of the DBAG share – one less than before. One more bank, which we retained at the end of 2017 to produce research on the DBAG share, discontinued coverage after we had to terminate the contractual relationship. In addition to the four banks, two independent research houses continue to perform research on our share. It is very important to us that as many potential investors as possible are made aware of the opportunities associated with our Company’s development. The latest research reports emphasise, among other things, the fact that our business model differs from that of many other private equity companies – in particular, the business model of the investment trusts listed on the London Stock Exchange, in the sense that we have our own investment team that makes a value contribution from fund advisory services.

In their recent reports, analysts clearly differentiate between the temporary fluctuations in earnings that are possible in our business model and its longer-term performance potential. Despite the Company’s negative first-quarter results, most analysts maintained their 'buy' recommendation. The average price target of the analysts (four in total) was 40.43 euros at the time this report was prepared. We keep our website up to date with the latest analysts’ assessments.

Dividend

We want our shareholders to participate in the Company's success by enjoying dividends that are as steady as possible. In fact, this is one of our financial objectives. The dividend should be stable, and it should increase whenever possible. The aim is also for it to result in an attractive dividend yield – attractive both in general terms and, in particular, compared to other listed private equity firms.

At the end of February, we distributed the dividends for the 2017/2018 financial year; there were 15,043,994 shares with a dividend entitlement. Out of the retained profit totalling 170.8 million euros, a distribution of 1.45 euros per share was made, i.e. a total of 21.8 million euros. This translates into a dividend yield of 3.5 per cent in relation to the average share price for the 2017/2018 financial year.

As far as the current year and the next two years are concerned, we have already announced a stable dividend with the publication of the forecast for 2018/2019. This reflects the high retained profit of Deutsche Beteiligungs AG of 170.8 million euros at the end of the previous financial year (30 September 2018). It puts us in a position to offer an attractive dividend yield without the need for additional proceeds to be generated through short-term disposals.

Shareholder structure

Slight drop in proportion of private individual shareholders

The shares in Deutsche Beteiligungs AG are traded as registered shares. This gives us a certain degree of transparency regarding our shareholder structure. At the record date of 31 March 2019, just under 41 per cent of our shares were held by private individual shareholders – down by around three percentage points compared to the most recent reporting date of 30 September 2018. A year ago, the proportion of our shares held by private individual shareholders amounted to just under 40 per cent. As at 31 March 2019, there were 16,100 registered private individual shareholders (individuals and groups of shareholders), up three per cent year-on-year.

Two shareholders hold more than five per cent of the shares: Rossmann Beteiligungs GmbH announced in January 2019 that it had exceeded the 20 per cent threshold and held 20.03 per cent in DBAG at that time. According to a notification dated December 2017, Mr Ricardo Portabella holds a stake of 6.65 per cent in DBAG via Taiko, a vehicle associated with Mr Portabella. These two positions reduce the proportion of shares in free float. 73.3 per cent of DBAG shares were in free float (as defined by Deutsche Börse) at the reporting date.

BASIC DATA

ISIN	DE000A1TNUT7
Ticker symbol	DBANn (Reuters) / DBAN (Bloomberg)
Listings	Frankfurt (Xetra and trading floor), Berlin-Bremen, Dusseldorf, Hamburg, Hanover, Munich, Stuttgart
Listing segment	Regulated market (Prime Standard)
Index affiliation (selection)	S-Dax, Classic All Share, C-Dax, Prime All Share, DAXsector All Financial Services, DAXsubsector Private Equity & Venture Capital, LPX Buyout, LPX Europe, LPX50
Designated sponsors	Bankhaus Lampe KG, M.M.Warburg & Co. KGaA, Oddo Seydler Bank AG
Share capital	€53,386,664.43
Number of shares issued	15,043,994
thereof outstanding	15,043,994
First listing	19 December 1985

INTERIM MANAGEMENT REPORT

ON THE FIRST HALF-YEAR
AND THE SECOND QUARTER OF
2018/2019 FINANCIAL YEAR

Fundamental information about the Group

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 instruments predominantly in unlisted companies, and provides advice regarding these funds. Employing its own assets, it enters into investments as a co-investor alongside the DBAG funds. The investment focus, as a co-investor and fund advisor, is on mid-market German companies.

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 their value. The companies subsequently continue their development under a different constellation, for example, alongside a strategic partner, a new financial investor or as a listed company.

DBAG's shares have been listed on the Frankfurt Stock Exchange since 1985. They are traded in the market segment with the highest transparency requirements, the Prime Standard.

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. A group company that is registered as a capital management company is responsible for fund management.

Integrated business model: two business segments 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 bundle the assets of German and international institutions.

Raising capital for DBAG funds is advantageous for DBAG and its shareholders, as well as for the investors in the funds.

- Shareholders participate in the fee income earned for advising DBAG funds ("Fund Investment Services"). 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 only permitted to take majority positions within strict limits; structuring management buyouts (MBOs) together with the funds is, however, possible without restrictions.

- 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.

The two funds that are currently investing, DBAG Fund VII and DBAG Expansion Capital Fund (ECF), cover a wide section of the German private equity market with equity investments of between 10 and 200 million euros for management buyouts and growth financing. Currently, there is a total of five DBAG funds that are in different phases of their life cycles:

- The DBAG Fund IV buyout fund has sold all of its portfolio companies and is currently in liquidation.

- Its follow-on fund DBAG Fund V is in the disinvestment phase. Of the eleven original investments, ten had been sold by 31 March 2019.

- DBAG Fund VI ended its investment phase in December 2016 and still holds investments in eight out of a previous total of eleven MBOs.

- DBAG ECF ended its original investment period in May 2017. It made growth financing available to eight companies and entered into an MBO for the first time in the 2016/2017 financial year. June 2017 saw the start of the first, and July 2018 the start of the second new investment period (DBAG ECF I/DBAG ECF II), which will run until the end of 2020 at the latest. 43 per cent of committed funds for the DBAG ECF II Fund have been called.

- DBAG initiated the DBAG Fund VII in 2016. The fund's investment period started in December 2016; between then and the reporting date, the fund structured six MBOs, five of which were completed by the reporting date. 58 per cent of the Fund's investment commitments have now been called.[1]

[1] Principal fund; top-up fund: 22 per cent

Fund		Focus	Start of investment period (vintage)	End of investment period	Size	thereof: DBAG	DBAG's co-investment stake
DBAG Fund IV (in liquidation)	Managed by DBG New Fund Management	Buyouts	September 2002	February 2007	€322mn	€94mn	29%
DBAG Fund V	Managed by DBG Managing Partner	Buyouts	February 2007	February 2013	€539mn	€105mn	19%
DBAG Expansion Capital Fund (DBAG ECF)	Managed by DBG Managing Partner	Expansion financing	May 2011	May 2017	€212mn	€100mn	47%
DBAG ECF First New Investment-Phase (DBAG ECF I)	Managed by DBG Managing Partner	Expansion financing and small buyouts	June 2017	June 2018	€85mn	€35mn	41%
DBAG ECF Second New Investment-Phase (DBAG ECF II)	Managed by DBG Managing Partner	Expansion financing and small buyouts	June 2018	December 2020 at the latest	€56mn	€40mn	41%
DBAG Fund VI	Advised by DBG Advising	Buyouts	February 2013	December 2016	€700mn[1]	€133mn	19%
DBAG Fund VII	Advised by DBG Advising	Buyouts	December 2016	December 2022 at the latest	€1,010 mn[2]	€200mn[3]	20%[4]

1 Excluding the co-investment made by the experienced members of the DBAG investment team
2 DBAG Fund VII consists of two sub-funds: a principal fund (808 million euros) and a top-up fund (202 million euros) without any co-investment by the members of the DBAG investment team. The top-up fund invests exclusively in transactions involving an equity investment that exceeds the concentration limit of the principal fund for a single investment.
3 DBAG has committed 183 million euros to the principal fund and 17 million euros to the top-up fund.
4 The proportion of co-investments amounts to 20 per cent for the principal fund and 8 per cent for the top-up fund.

Fund Investment Services business line

Advisory services by the investment team

The advisory services provided for the funds can be split into three processes: first, we identify and assess transaction opportunities ("investing"); second, we support the portfolio companies' development process ("developing"); before we, thirdly, realise the value appreciation ("realising") upon a portfolio company's well-timed and well-structured disinvestment.

We manage these processes with our own resources in tried-and-tested workflows; responsibility for this lies primarily with the investment team. It consists of 22 investment professionals and is led by two member of the Board of Management. The team has a broad skill set combined with multifaceted experience in the investment business. It is supplemented by three employees in Research and Business Development. The auxiliary functions for the investment process and the administrative activities, which are collectively referred to as the "corporate functions", all report to the Chief Financial Officer, whose responsibilities also include portfolio valuation and risk management.

A project team of two to four individuals is generally responsible for each transaction. One of the two members of the Board of Management responsible for the investment process is assigned to each project team. One member of the project team will typically take a seat on the respective portfolio companies' advisory council or supervisory board in order to support their management.

Fees for services to DBAG funds as a source of income

DBAG receives volume-related fees for its investment services, which constitute a continual and readily forecastable source of income. For DBAG Fund VII, fees during the investment period are based on the committed capital. After that, they are measured by the invested capital – as is also the case for

DBAG Fund V and DBAG Fund VI.[2] The fees for DBAG ECF are based on the invested capital, plus one-off fees based on individual transactions.

It follows from the fee methodology that fee income will decline with every disposal from a fund's portfolio. In principle, considerable increases can only be achieved when a new fund is raised. Smaller increases are achieved every time DBAG ECF enters into a new investment, because the services in connection with this fund are paid based on the invested capital.

Strong identity of interest and incentives for the investment team

The members of the investment team with greater experience in investing (16 out of 22), and both Board of Management members, personally co-invest their own money alongside the DBAG funds, generally investing one per cent of the capital raised by the fund investors and DBAG. 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 investment. The co-investing members of the investment team receive an incentive (which is, once again, standard practice in the industry) for generating the best possible financial performance for the funds. They receive a profit share that is disproportionate to their capital commitment ("carried interest") after the fund investors and DBAG have realised their invested capital plus a preferred return.

Investment team is supported by widespread network

The investment team can rely on a strong network, the nucleus of which is an "Executive Circle" consisting of 61 people. The members of the Executive Circle support us in identifying and initiating investment opportunities, assist us in assessing certain industries or back us prior to making an investment in the particularly comprehensive target company due diligence process. The Circle comprises experienced industrial experts, including partners of former investment transactions. The members have the industry experience that is relevant to DBAG. 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 Private Equity Investments business segment largely encompasses investments which are held through investment entity subsidiaries. DBAG co-invests via these companies on the same terms, in the same companies and in the same instruments as the DBAG funds. 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. These ratios also apply when an investment is terminated through disposal by the Fund. Income is generated from the value appreciation and sale of these investments.

DBAG's investment strategy derives from the strategies of the current funds. This strategy can – generally when a new fund is launched – be adapted to reflect the Company's development or market changes. The modes and specific structuring of an investment are geared to the individual financing situation. These could be:

- a succession solution 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, taking either majority or minority positions. The first three financing situations mentioned above will usually be structured as majority acquisitions. Growth financing, on the other hand, is made by way of a minority interest or by providing equity-like funding.

Portfolio structure: predominantly MBOs

Our track record confirms the success of our investment activity: since 1997, DBAG has financed a total of 52 MBOs together with DBG Fund III, DBAG Fund IV, DBAG Fund V, DBAG Fund VI and DBAG Fund VII, as well as DBAG ECF since June 2017. 31 of these investments were realised – predominantly or entirely – until the most recent reporting date (31 March 2019), generating a multiple of 2.8 times the invested capital on average.

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 longer. The rate of return is therefore lower than the rate of return for MBOs, while earnings in absolute terms are comparable.

[2] Fees for the top-up fund are also measured based on the invested capital during the investment phase.

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. The structure of its statement of financial position attests to the special nature of the private equity business, with investments and realisations that cannot be scheduled. The Company maintains sufficient financial resources in order to take advantage of investment opportunities and to meet co-investment agreements 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: long-term increase in the Company's value

The **CORE BUSINESS OBJECTIVE** of our activity is to sustainably increase the value of DBAG. We achieve this by generating value contributions from both of 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.

As is common in the private equity sector, the measure for our performance is a period of ten years. Income from Fund Investment Services is significantly influenced by the initiation of new funds, which occurs approximately every four to 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.

Support for portfolio companies in their development is time-limited; our portfolio is therefore subject to constant change. By the nature of our business model, investments may predominate in some years, and disinvestments in others. This, and the influence of external factors on value growth, could lead to strong fluctuations in performance from year to year. 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.

Target system comprising financial and non-financial objectives

In order to achieve the core business objective, DBAG pursues three financial and three non-financial objectives. The non-financial objectives make an indirect contribution, and the financial objectives a direct contribution, to achieving the core business objective.

Financial objective: generate value contribution from Fund Investment Services

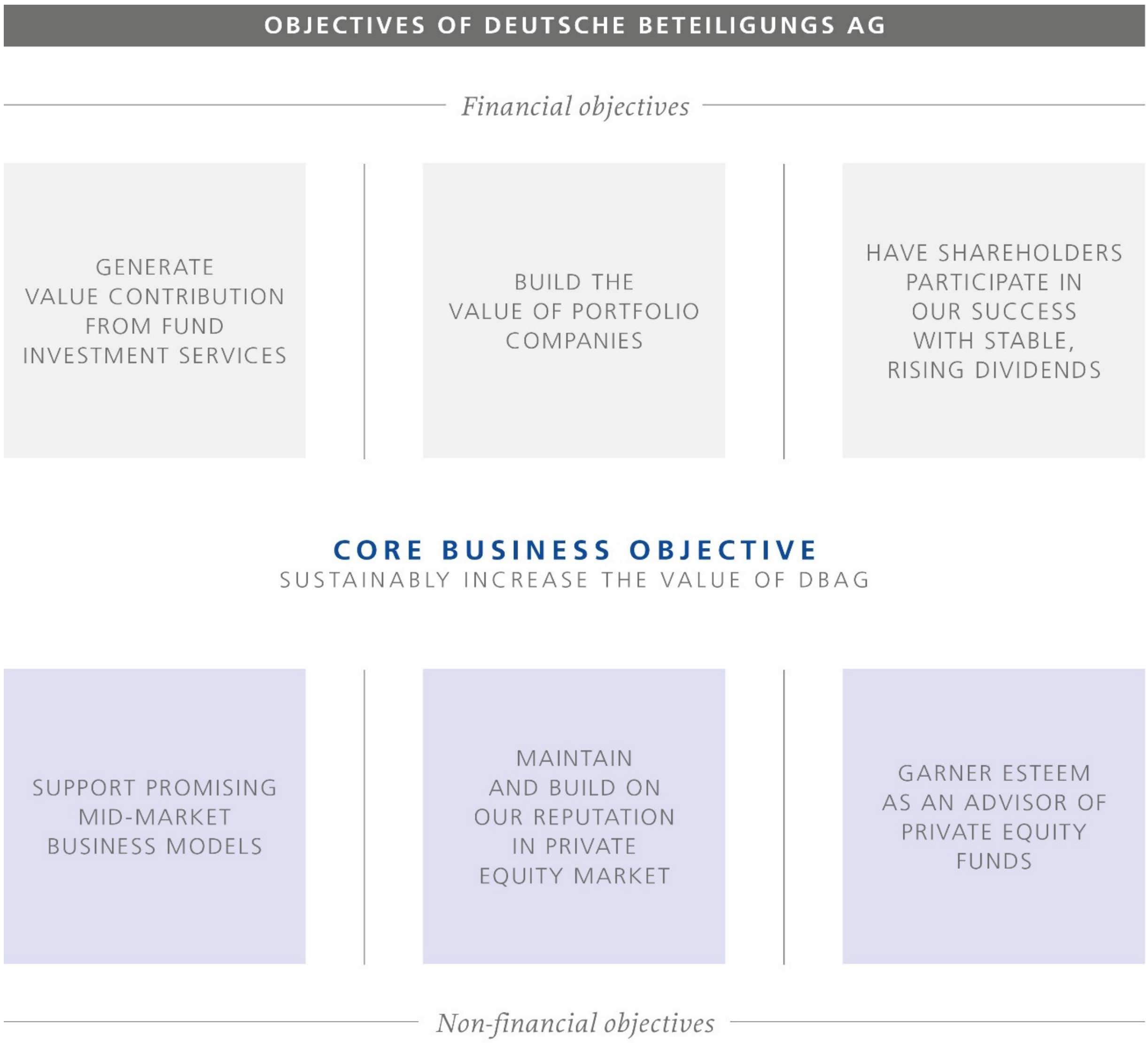
The performance of the Fund Investment Services business segment requires an appreciable and increasing level of managed and/or advised assets over the medium term; it is measured by sustainable growth in fee income for these services and its surplus over the relevant expenses.

Financial objective: build the value of portfolio companies

The business line of Private Equity Investments 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, usually over a period of four to seven years. The value increase is mostly realised when the investment is exited; for growth financing, this 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 of a portfolio company (IRR) is approximately 20 per cent for growth financing and around 25 per cent for MBOs, as is standard practice in the industry.

Financial objective: to have shareholders participate in performance through dividends that are stable and which rise whenever possible

We intend to have our shareholders participate in financial gains by paying stable dividends that will rise whenever possible. Future liquidity requirements for co-investments and securing the dividend capacity in the long run play a significant part in the decision concerning the amount of the distribution rate.



Non-financial objective: support promising mid-market business models

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 positioned 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.

Non-financial objective: maintaining and strengthening a positive reputation on the investment market

By successfully supporting our portfolio companies, we want to strengthen the standing we have built in the private equity market over more than five decades, and underpin our reputation. We are particularly successful as an investment partner to mid-market family-owned businesses: the proportion of MBOs that involve company founders or family shareholders on the seller side is more than three times as high at DBAG as at our competitors. 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 follow ESG (environmental, social and governance) principles, which include compliance with our business policies.

Non-financial objective: to garner esteem as an advisor of private equity funds

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 is why it is important for investors in this asset class to value us as an advisor. This is evident, for example, from the large proportion of fund investors who also subscribe to the successor fund, or who are now subscribing to their third or fourth DBAG fund. This will only succeed if investors in current funds achieve commensurate returns, and if we are perceived to be reliable and trustworthy. We therefore attach great importance to open, responsible interaction with the fund investors.

Strategy: investments in mid-market German companies with potential for development

Clear investment criteria

DBAG 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. This can involve enhancing their strategic positioning, for example by introducing a wider range of products, covering a larger geographical area or expanding the spare parts and service business. Earnings growth can also be stimulated by improving operational processes, for example through more efficient production.

Such companies are, among other things, characterised by leadership positions in their (possibly small) markets, entrepreneurially-driven management, strong innovative capacity and future-viable products. Many such mid-market companies can be found in Germany, for example, in mechanical and plant engineering, in the automotive supply industry and industrial support services providers, as well as among industrial component manufacturers.

We see these as our key sectors. The DBAG investment team has focused on industry and industry-related services and has a particular wealth of experience and expertise in this area. More than half of the investments in our portfolio come from these sectors. We are capable of structuring even complex transactions in these DBAG core sectors, such as the acquisition of companies from conglomerates or companies facing operational challenges.

Transactions in our core sectors, however, only make up around half of the private equity market. As a result, and also in the interests of further diversifying the risk in our portfolio, we have constantly broadened the range of industries we cover to include segments outside of our core sectors in recent years. Examples include transactions involving companies with business activities that are linked to the expansion of Germany's digital infrastructure. We invested in a software company for the first time in 2018. We had increasingly been observing transactions with business models that can be classed as mature in this growing and less cyclical sector.

Geographically, we focus on companies domiciled – or whose business is centred – in German-speaking regions. We limit any investments outside of this region to our core sectors.

The DBAG funds provide – irrespective of the type of investment – for equity investments in an individual transaction of between ten and 100 million euros. When it comes to structuring larger transactions with equity investments of up to 200 million euros, the top-up fund of DBAG Fund VII is included. For DBAG, this equates to investing capital of between 5 and 20 million euros, and for transactions involving the top-up fund, equity investments of up to 34 million euros. Depending on the business model of the future portfolio company, the equity invested by the DBAG funds corresponds to an enterprise value of between 20 and 400 million euros. Furthermore, the focus is on investments in companies with an enterprise value of between 50 and 250 million, i.e. companies at the upper end of the mid-market segment. This segment comprises almost 9,000 companies in Germany.

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, but also to their production sites.

Some 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 finance structures are individually tailored. 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 business segment of Fund Investment Services, our aim is to achieve sustainable growth in managed and advised assets. This is achieved by ensuring that a successor fund exceeds the size of its predecessor, or by launching further DBAG funds with new investment strategies that we have not pursued to date. The distribution of a higher fund volume among DBAG and the other investors determines the change in the basis for the fee income from investment services, but first and foremost determines the growth opportunities open to the business line of Private Equity Investments.

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 the co-investment capital commitments made by DBAG increase, and if DBAG can invest more funds alongside the funds. For that reason, the investment performance also determines the growth in the business line of Private Equity Investments.

Steering and control

Key performance mark: return on capital employed

Our business policy is geared towards appreciating the value of DBAG over the long term by successful investments in portfolio companies and a successful Fund Investment Services business. The Company's value is understood to have increased in the long term when, on an average of 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.

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 primarily 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 capital markets.

We derive the cost of equity (CoE) once a year on the reporting date, based on the capital asset pricing model from a risk-free base rate (rf) and a 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:

CoE = 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 reporting date. At 30 September 2018, this value was 1.1 per cent (previous year: 1.4 per cent).

The market premium used remains unchanged at 7.0 per cent.

For the individual risk measure, we use a ß (beta) of around 0.7 (as at: 30 September 2018, previous year: 0.6). This value corresponds to the leveraged beta factor for DBAG against the C-Dax for five years, 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 reporting date is 6.0 per cent (previous year: 5.6 per cent). This calculated result remains strongly influenced by the unusually low interest rate level and the modest risk position of DBAG in view of its capital structure. In order to reduce the impact of the interest rate level regarding the reporting date, we apply the average cost of equity calculated from the previous ten reporting dates as a measure of our long-term success. This figure comes to 6.5 per cent for the financial years from 2008/2009 to 2017/2018; over the previous ten-year period, the cost of equity had averaged 6.6 per cent.

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

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: portfolio companies are influenced by industry-related cycles, and valuation levels on the capital markets influence the valuations. 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. Rather, 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 gain or loss from 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 conduct a valuation of 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.

The performance of our business line of Fund Investment Services chiefly derives from the development of the volume of DBAG funds and total assets under management or advice. The volume of DBAG funds determines the fee income from investment services to funds. In addition to fee income, earnings before tax generated by Fund Investment Services is significantly influenced by the cost of identifying investment opportunities, of supporting the portfolio companies, and of their ultimate disinvestment. These costs are incurred in the form of personnel expenses for our investment team and Corporate Functions, as well as the expenses for our Executive Circle and for legal and other advisors.

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

As mentioned, members of the Board of Management are also involved in the core processes of DBAG's business (i.e. investment, development, realisation). They are involved, in particular, in generating investment opportunities (deal flow) as well as in due diligence and negotiating acquisitions and disinvestments. Additionally, they discuss new investment opportunities and key developments within the portfolio companies 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 investment controlling system which, by way of example, identifies deviations from the originally agreed development steps or provides information that may be useful for managing an investment portfolio, e.g. pointing to the potential negative impact that economic developments could have on the portfolio companies.

Business review of the Group

Macroeconomic and sector-related underlying conditions

Real economy: Global growth momentum tapers off – upswing slows in Germany as well

The macroeconomic environment for our business has changed significantly since October 2018. Whilst a dynamic global economic growth had previously provided the basis for our business and that of the portfolio companies for several years, we are now operating in an environment with lower growth rates in Germany and most other economic regions. Countries that together represent 70 percent of the global economy are facing weaker growth. At the same time, trade conflicts are weighing heavily on the global economy. The International Monetary Fund (IMF) speaks of a delicate moment for the global economy, but does not expect a recession. Having previously lifted its forecasts for global economic growth several times, the IMF adjusted its growth expectations downwards as early as October 2018 and again in April 2019. For 2019, the IMF now anticipates an increase in economic output ("world economic output") of only 3.3 per cent, compared with 3.7 and 3.9 per cent respectively six months earlier.[3]

The IMF is particularly pessimistic with regard to Germany: apart from Italy, no country in the euro zone will show lower growth in 2019, according to the IMF. It assumes a growth rate of only 0.8 per cent.

German economic forecasters share the IMF's views. They have to take into account that the pace of expansion in the German economy has already slowed noticeably. The boom in the economy with growth rates of more than two per cent is clearly over. At the turn of the year 2018/2019, Germany narrowly escaped a (technically defined) recession, because economic output had remained unchanged compared with the previous quarter, having previously recorded a decline of 0.2 per cent in a quarter-on-quarter comparison. In the search for causes, reference is made, among other things, to "temporary one-off factors",[4] such as production problems in the automotive industry in connection with the introduction of the new WLTP test procedure. Automotive production in Germany stagnated in the fourth quarter of 2018 and declined in January 2019. According to economists, however, there is a "slowdown in underlying economic momentum", triggered by lower global demand for industrial goods. In particular, demand from other European countries has dropped. Moreover, in some sectors, capacity constraints and a lack of available labour are hampering economic development.

Our portfolio shows signs of almost all of the effects cited. It consists of companies that are subject to different market or economic cycles; it contains companies that respond promptly to the industries' changes in capital expenditure activity, and others that tend to notice changes in order intake or delivery call-offs at the end of a cycle. This means that changes in the overall conditions – such as fluctuations in the prices of key commodities – vary in their impact on our portfolio, and sometimes counteract each other. Consumer-oriented companies are benefiting from strong domestic demand in Germany. Investments in fibre-optic expansion are benefiting from government efforts to expand the country's digital infrastructure, but are unable to fully exploit their potential in part due to bottlenecks in the availability of skilled labour.

Overall, the underlying conditions for our portfolio companies over the past two quarters were less favourable than in previous periods. A number of companies were affected by difficulties in their respective markets, such as the automotive and wind energy industries. While the impending withdrawal of the UK from the European Union has not yet had any impact to speak of, actual or imminent trade restrictions have already been felt in some cases.

Financial markets: financing conditions remain positive

The slowdown in economic momentum has also led to changes on the financial markets. The US central bank revised its outlook at the beginning of 2019 and initially left key interest rates unchanged after four increases in 2018. Expectations of interest rate hikes in the euro zone have also changed: an initial increase in the key interest rate, which had been expected in autumn 2018 for the second half of 2019, has been pushed further into the distant future by most market participants.

Since the beginning of the year, the prospect of a continuation in the low interest rate period has again boosted stock markets, which had previously - in the fourth quarter of 2018 - recorded share price falls and significantly lower valuations.

The financing situation for the German corporate sector remains positive. Never before have fewer companies described their access to loans as more "difficult" than at present. In addition to strong internal financing capabilities, this situation has been helped along by low interest rates, the easing of lending standards of banks and positive business

[3] "Growth Slowdown, Precarious Recovery – World Economic Outlook", International Monetary Fund, April 2019

[4] "Economic Forecast 2019 and 2020", German Council of Economic Experts, March 2019

development.[5] In January 2019, the total volume of loans to the corporate sector was up by almost six percent as against the previous year.[6]

Overall, the financing conditions for our portfolio companies therefore remain positive. The supply of acquisition finance, which is key to our business, has also remained strong over the past two quarters and does not represent a bottleneck. Private debt funds also contribute to our extensive financing offering.

Exchange rates with little impact on portfolio value

Since we only enter into investments in currencies other than the euro in exceptional cases, the direct impact of exchange rate fluctuations on the value of our portfolio is generally low. Only four investments in portfolio companies (duagon, Sjølund, mageba and Pfaudler) and those in the Harvest Partners international buyout fund, are subject to currency risks. The US dollar, the Swiss franc and the British pound have appreciated slightly against the euro since the beginning of the financial year, while the Danish krone is pegged to the euro, leaving this parity almost constant. Exchange rate fluctuations – in a range between -0.1 per cent and 3.5 per cent – were minor on the whole; compared to the reporting date 30 September 2018, a gross value appreciation of 1.8 million euros resulted from changes in exchange rates.

Beyond that, exchange rate fluctuations also have a direct impact on the business activities of our portfolio companies in their respective international markets. This is partly compensated for by the fact that the companies have manufacturing operations in various currency areas.

Private equity market: number and volume of transactions declining

Due to the limited size and diversified structure of the private equity market, comparisons over short periods of time are only of low informational value and at best allow statements to be made regarding trends. Transparency is limited: for every transaction on which a value is published, there is more than one transaction on which no quantitative information is released. As a result, the statistical information available from various sources does not provide a representative picture of market activity.

It should be noted here that the dynamics of the private equity market have slowed somewhat. During the course of 2018, for example, 216 transactions involving financial investors were executed in Germany – eleven fewer than in the previous twelve-month period. In the second half of 2018, the number of transactions was down by over 20 per cent on the two previous-year periods. The value of the 216 transactions in 2018 was reported at 17.9 billion euros – 1.4 billion euros less than in 2017, and 2.9 billion euros less than had been registered in 2016. However, the number and average value of transactions in 2018 were within the corridor of the respective highs and lows of the past five years. The value of recorded private equity transactions in the overall observable M&A market did not change to any considerable degree either.[7]

Management buyouts continue to dominate the private equity business in Germany. In 2018, 6.74 billion euros, or around 70 per cent of all funds invested in Germany, went into majority takeovers of this nature; back in 2010, this percentage only came to around 65 per cent. With a volume of 1.4 billion euros, growth financing achieved a market share of almost 15 per cent in 2018 (2010: 12.7 per cent).[8]

DBAG largely focuses on the mid-market segment in German-speaking regions in our business, that is, on transactions with an (enterprise) value of 50 to 250 million euros. The number and total value of transactions in this defined market segment increased again in 2018. By the end of last year, a total of 47 buyouts had been structured by financial investors in the German SME sector, 12 more than in 2017. The total volume of the transactions came to around 4.8 billion euros, which is the highest value seen in the last 15 years.[9]

[5] "Credit market sentiment remains strong – Business Survey", KfW-Bank, July 2018

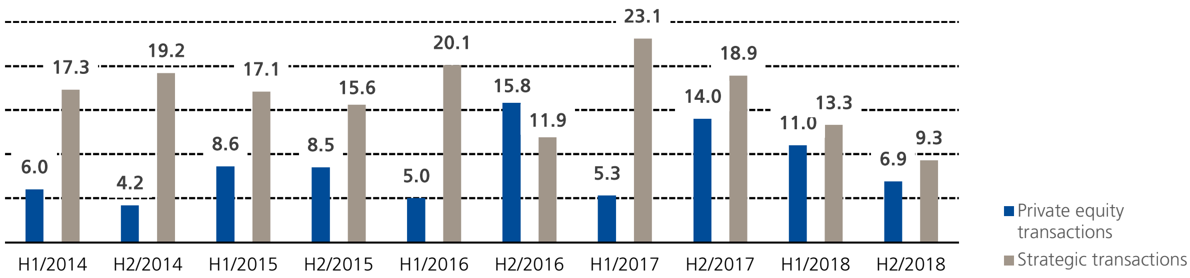
[6] "Highlights of Economic Policy April 2019", Federal Ministry of Economics and Energy, April 2019

[7] "The Transaction Market in Germany - H2 2018", EY, December 2018

[8] "BVK Statistics 2018", German Private Equity and Venture Capital Association, February 2019 ("Market statistics, investments by financing situation")

[9] This information is based on a survey conducted by the industry magazine FINANCE on behalf of DBAG. The figure includes majority takeovers in the form of MBOs, MBIs and secondary/tertiary buyouts of German companies involving a financial investor with a transaction volume of between 50 and 250 million euros.

M&A MARKET GERMANY – TRANSACTION VALUE
€bn



It is still the case that conditions in our market change slowly at best. Despite the peak numbers and total volume of private equity transactions recorded in our market in 2018, we do not believe that there has been any fundamental change in the key factors influencing DBAG's business. Competition for attractive equity investments has tended to become even fiercer. Strategic buyers are competing with financial investors and other bidders with medium- to long-term investment objectives, such as foundations and family offices. All groups of buyers have sufficient liquidity. Furthermore, a substantial volume of acquisition financing is still available at attractive conditions. This is all the more true because, for some years now, an increasing volume of financing has also been provided by private debt funds in addition to conventional banks. This large supply of assets seeking investments stands in contrast to a limited supply of investment opportunities, which we have observed in recent quarters. As a result, this intense level of competition has long been leading to more challenging valuations.

Other sources also arrive at similar conclusions. The regular survey of market participants for the "German Private Equity Barometer" shows that the business climate has cooled down. On a scale of between +100 and -100, the companies surveyed rated the business climate worse than three months previous for the second time in a row. The most recent figure (fourth quarter of 2018) was 59 points, against 69 and 81 respectively previously. Nevertheless, the index value is still well above the normal range based on historical values. There is still a high level of dissatisfaction, particularly among buyout investors, regarding the initial valuations for new transactions. The index value for this parameter was -52 recently – a significant difference compared with the long-term (2003 to 2018) average value of -19.[10]

Explanation of key events and transactions

DBAG was not able to escape the falling number of transactions in the market: at 34.3 million euros, investment decisions did not match the 50 million euros recorded during the same period of the previous year.

A sixth MBO was added to the DBAG Fund VII portfolio in the first half of the 2018/2019 financial year. Beyond this, there were a number of acquisitions at portfolio company level, some of which required the contribution of additional equity capital from DBAG funds and DBAG itself. The first investment from the DBAG ECF portfolio was disposed of.

The management buyouts involving Kraft & Bauer Holding GmbH (DBAG Fund VII) and FLS GmbH (DBAG ECF) were also executed in the first quarter, and the investment in Cleanpart Group GmbH (DBAG Fund VI) was sold. These transactions had already been agreed in the previous financial year.

DBAG Fund VII: 58 per cent of funds called

In November 2018, DBAG Fund VII, which is advised by DBAG, acquired the majority of the shares in Sero GmbH, a development and manufacturing service provider for electronic components with a focus on the automotive industry, from the founding family. Sero assembles circuit boards and produces electronic components for brake lights and motor sensors as well as high-performance microphones, heat meters and other industrial metrology products. The company employs approximately 270 people in development, distribution and production in Rohrbach in the German state of Rhineland-Palatinate. As part of the management buyout, DBAG invested 10.7 million euros alongside DBAG Fund VII, which means

[10] "German Private Equity Barometer, 4. Quartal 2018", KfW Research, KfW Bank; Frankfurt am Main, February 2019

that 21.4 per cent of the shares in Sero are now attributable to DBAG.

Sero is the sixth company to join the portfolio of DBAG Fund VII, which has been investing in mid-sized companies since December 2016. In the meantime, 58 per cent of the Fund's investment commitments have now been called.[11]

This only includes part of the funds earmarked for investment in the radiology group. DBAG had already agreed the acquisition of two radiology practices in March 2017, with plans to add further practices and locations. The legal prerequisites for this acquisition have now been fulfilled; we anticipate being able to close the transaction by the end of June. In the meantime, DBAG Fund VII – and also DBAG – have provided funds for the acquisition of two additional radiology practices during the first half of the financial year, which will become part of the group. Closing of the first transaction would invoke the drawdown of additional funds.

DBAG ECF: BTV Multimedia strengthens market position through acquisitions; disposal of PSS

BTV Multimedia GmbH pursues a buy-and-build strategy in order to consolidate its market. A few months after the initial investment (August 2018), the company agreed on its second acquisition in March 2019: DKT A/S, headquartered in Kirke Saby, Denmark, is a broadband network equipment manufacturer with a market presence in Denmark and neighbouring European markets. DKT generated revenues equivalent to around 15 million euros in 2017/2018. The acquisition will be financed as part of the refinancing of the investment in BTV Multimedia GmbH. Previously, BTV Multimedia had acquired its main competitor in the German market, Anedis Management GmbH, a supplier of components for the construction of broadband networks (2018 revenue: 19 million euros). In doing so, BTV Multimedia will be expanding its product and service offering whilst also diversifying its customer base. DBAG has invested a further two million euros in BTV Multimedia in the course of this transaction.

netzkontor nord also completed a company acquisition (BFE Nachrichtentechnik) in the first half of the current financial year.

In January 2019, DBAG ECF sold its investment in Plant Systems & Services PSS GmbH (PSS) to the majority shareholder. This was the Fund's first investment – and also its smallest, at cost of 2.3 million euros. PSS successfully transformed its business model from an original equipment manufacturer for energy utilities into a service provider to this industry. Economic constraints experienced by this most important customer group, following the turnaround of the German energy sector (the so-called "Energiewende"), curtailed the growth opportunities for PSS. The current transaction only had a minor impact on second-quarter income; any payments (plus potential further contributions to income) will occur after a subsequent sale by the new sole shareholder.

DBAG Fund VI: "Unser Heimatbäcker" files for insolvency; Cleanpart disposal closed

In January 2019, Unser Heimatbäcker GmbH, a company in the DBAG Fund VI portfolio, filed for insolvency under self-administration. Insolvency proceedings are now underway. The bakery chain found itself operating in a highly competitive market environment. DBAG Fund VI and DBAG had previously supported extensive restructuring efforts, which included not only management changes, but also additional capital investment. Insolvency proceedings give the company the opportunity to implement the measures already initiated in a consistent and accelerated manner.

The company's continuing unsatisfactory economic development was already reflected in the valuation of the investment on previous reporting dates. In the first half of 2018/2019, the insolvency of the company negatively impacted DBAG by 1.6 million euros.

The sale of the investment in Cleanpart Group GmbH, a service provider for the semiconductor industry, already agreed in the previous financial year, was completed in October 2018, and the agreed purchase price was already included in the valuation of the investment as of September 30, 2018. DBAG received 19.0 million euros from the transaction in the first quarter of 2018/2019.

Comparability of figures

The figures reported in this half-year financial report as at 31 March 2018 (first half-year and second quarter 2017/2018) and at 30 September 2018 can only be compared with the information originally published in the half-year financial report 2017/2018, and with the figures in the annual report 2017/2018, to a limited extent.

Recognition of carried interest

Since our report at 30 June 2018, we have changed our accounting as against previous reporting dates. This essentially affects disclosures on the net result of investment activity and net income, as well as the amount of financial assets and equity.

[11] Main fund; 22 per cent of the investment commitments of the top-up fund have been called.

The change in accounting was prompted by identification of an error during the enforcement procedure in connection with the spot check on the consolidated financial statements at 30 September 2015. We reported on this in detail in our 2017/2018 Annual Report (pages 51 and 114 et seq.).

We have changed the accounting method for recognition of carried interest, and reported on this basis for the first time in our Quarterly Statement as at 30 June 2018. The change in methodology has an impact on the valuation of DBAG's shares in the investment entity subsidiary of DBAG Fund VI. For the first half-year of 2017/2018, these shares were valued 1.5 million euros lower than on the basis of the method originally applied. The change results in a different distribution in profit or loss over the periods; however, the two methods result in the same carried interest amount over the entire term of a fund.

Further corrections in accordance with IAS 8

Further corrections in accordance with IAS 8 relate to the measurement of irrecoverable interest receivable from portfolio companies, and the amount of income from advising funds. On balance, equity reported in the financial statements as at 30 September 2018 was burdened by 4.0 million euros, (not already accounted for), bringing the adjusted figure to 443.8 million euros (previously: 447.8 million euros). As part of these restatements, feedback effects on earnings-related variable remuneration components of the Board of Management were also taken into consideration.

Financial performance

Overview

The first half-year of the financial year 2018/2019 recorded a net profit of 7.6 million euros. Just as in the first half-year of 2017/2018, this period has been burdened by capital market developments: the increase in multiples during the second quarter has only partially offset the sharp decline in the first quarter of the financial year. At the reporting date, some of the multiples for listed peer group companies were still below their levels seen at the beginning of the financial year. Earnings for the Private Equity Investments segment only amounted to 5.8 million euros after six months. At 28.7 million euros, results for the second quarter markedly outperformed the same period of the previous financial year. The positive capital markets effect and its impact on the valuation – and thus also on net income for the second quarter – were the subject of an ad-hoc announcement on 6 April 2019.

At 1.8 million euros, net income in the Fund Investment Services segment fell short of projections. As expected, income from the DBAG Fund VI and DBAG Fund V was lower; non-recurring effects also had a negative impact.

In the previous financial year, net income for the first half-year amounted to 18.5 million euros (restated). The earnings contribution of 32.3 million euros from the operating performance of the portfolio companies during the first six months of 2017/2018 was around one third higher compared with the current financial year.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ 000's	**1st half-year 2018/2019**	1st half-year 2017/2018	**2nd quarter 2018/2019**	2nd quarter 2017/2018
Net gains or losses from investment activity	9,539	20,168	30,645	8,455
Fee income from fund management and advisory services	13,791	14,282	6,386	7,356
Net gains or losses from fund services and investment activity	**23,330**	**34,450**	**37,031**	**15,811**
Personnel expenses	-10,004	-8,365	-5,151	-4,236
Other operating income	3,141	1,304	1,287	877
Other operating expenses	-9,057	-8,718	-4,480	-3,936
Net interest income	200	-150	340	-119
Other income/expense items	**-15,720**	**-15,929**	**-8,004**	**-7,414**
Earnings before tax	**7,609**	**18,522**	**29,027**	**8,397**
Income taxes	0	-1	0	-1
Earnings after tax	**7,609**	**18,521**	**29,027**	**8,397**
Profit/loss attributable to non-controlling interests	-5	-17	-1	-6
Net income	**7,604**	**18,504**	**29,026**	**8,391**
Other comprehensive income	63	-450	365	-562
Consolidated comprehensive income	**7,682**	**18,054**	**29,430**	**7,829**

Some of the figures reported for the 2017/2018 financial year have been restated in accordance with IAS 8 (cf. page 23); figures for the second quarter were not reviewed by external auditors.

NET GAINS OR LOSSES FROM FUND SERVICES AND INVESTMENT ACTIVITY amounted to 23.3 million euros, as against 34.5 million euros (after restatement) in the previous year. The figure continues to be driven to a considerable degree by net gains or losses from investment activity, both in terms of absolute amount and volatility (for details, please refer to the information under "Net gains or losses from investment activity").

At 13.8 million euros, fee income from fund management and advisory services was down on the prior-year value (14.3 million euros after restatement). This decline was attributable to lower fees from DBAG Fund VI and DBAG Fund V: the basis for calculating the first fund is lower after the complete write-off of our investment in Unser Heimatbäcker as a result of its insolvency. Fees are no longer paid on the latter fund, as agreed, two years after the end of the customary disposal phase.

At -15.7 million euros, net expenses under **OTHER INCOME/EXPENSE ITEMS** (i.e. the net amount of personnel expenses, other operating income and expenses as well as net interest income) was almost in line with the same period of the previous year (-15.9 million euros). Besides general wage increases, the 1.6 million euros increase in personnel expenses reflected, among other things, new hires, as well as additional costs due to temporary duplication of functions. The item was reduced by 52,000 euros due to the partial repayment of performance-related remuneration for the 2016/2017 financial year by the members of the Board of Management; the amount was recalculated, taking into account the change in the accounting method for recognition of carried interest.

Other operating income increased markedly, by 1.8 million euros. During the first half of the current financial year, higher expenses for uncompleted transactions were passed on to DBAG funds; this was reflected in a corresponding increase in consultancy expenses, which are included in other operating expenses. However, this development was partly offset by non-recurrence of a special effect in the amount of 0.9 million euros in the previous year, which was due to the subsequent adjustment of remuneration which DBAG had received for the work performed by members of the investment team on supervisory bodies of DBAG Fund V portfolio companies. Other operating expenses also include two non-recurring effects: a correction (0.5 million euros) of transaction-based fees from DBAG ECF relating to the previous year, plus a 0.2 million loss incurred upon the sale of securities which had been purchased for investing excess liquidity.

Net gains or losses from investment activity

NET GAINS OR LOSSES FROM INVESTMENT ACTIVITY in the first half-year of 9.5 million euros (previous year, restated: 20.2 million euros) primarily reflected the performance of investments in the portfolio companies, which are held – with one exception (JCK) – via investment entity subsidiaries.

The portfolio's **GROSS GAINS ON MEASUREMENT AND DERECOGNITION** totalled 10.9 million euros for the first two quarters, down by 9.1 million euros on the same period of the previous year. Although the capital market impacted results to a lesser extent than in the previous year, this improvement was not sufficient to offset the decline in the value contribution from the operating performance of the portfolio companies.

NET GAINS OR LOSSES FROM INVESTMENT ACTIVITY

€ 000's	**1st half-year 2018/2019**	1st half-year 2017/2018	**2nd quarter 2018/2019**	2nd quarter 2017/2018
Gross gains or losses from portfolio measurement and derecognition	10,947	20,073	34,809	7,205
Profit or loss attributable to non-controlling interests in investment entity subsidiaries	-1,198	-2,817	-4,831	-329
Net gains or losses from portfolio measurement and derecognition	**9,749**	**17,256**	**29,978**	**6,876**
Current portfolio income	3,637	5,686	2,613	2,070
Net portfolio results	**13,386**	**22,943**	**32,591**	**8,946**
Net gains or losses from other assets and liabilities of investment entity subsidiaries	-3,849	-2,774	-1,952	-491
Net gains or losses from other financial assets	2	-1	6	-1
Net gains or losses from investment activity	**9,539**	**20,168**	**30,645**	**8,455**

Some of the figures reported for the 2017/2018 financial year have been restated in accordance with IAS 8 (cf. page 23); figures for the second quarter were not reviewed by external auditors.

SOURCE ANALYSIS 1: After the first quarter, we reported that most companies had budgeted for higher revenues and earnings in 2019 and believed they were on the right track. Fundamentally, this position has not changed at all. At the same time, we had pointed out that individual portfolio companies were also subject to the influences of a changing macroeconomic environment – this applied to investments linked to the automotive sector, for example. The signs of easing economic momentum have gathered pace: customers are for example demanding later payment targets or are deferring orders. Two portfolio companies are feeling the effects of a marked slowdown in the demand for wind turbines, whilst others are suffering from unexpectedly high commodity prices. All of this weighs on the improvement in the earnings of some portfolio companies, which is generally expected due to the change processes following the investment of a private equity fund. Accordingly, the contribution from the companies' **CHANGE IN EARNINGS** was negative in the second quarter, at -8.4 million euros. Overall, earnings development of the portfolio companies contributed 22.4 million euros to net gains or losses from measurement in the first half of 2018/2019 – compared with 40.4 million euros in the corresponding period of the previous year. 14 companies provided a positive contribution to this net amount; four made a negative contribution.

We usually adapt our valuations as at 31 December to the budgets of the portfolio companies for the forthcoming year. Depending on the planning certainty in the respective case, our expected values take into account that the achievability of projections this early on in the financial year is much more uncertain than in the second half of the year. For this reason, we apply haircuts to projected earnings accordingly in individual cases – as we did as at 31 December 2018. On the subsequent reporting dates – for the first time as at 31 March – updated projected values are included in the valuations using actual earnings achieved as well as the companies' continuous earnings projections. If no updated figures are available in individual cases, we taken into consideration current findings from the portfolio companies. The information from the companies to hand as at 31 March 2019 largely confirm the projections. Accordingly, we have reduced the uncertainty haircuts in individual cases. On the other hand, in the latest valuation of individual portfolio companies we have taken the risks from particular projects into account, with a negative impact on results. Since most portfolio companies had not yet updated their earnings forecasts at this reporting date, the change in earnings of the portfolio companies naturally made a lower contribution to the net gains or losses from measurement for the second quarter compared with the first quarter Furthermore, our measurement of several companies as at 31 December 2018 was based on sustainable earnings forecasts, in order to account for the impact of short-term changes in earnings which we consider to be temporary. This also reduced the potential for contributions to second-quarter results.

As a general rule, we do not receive any current distributions during the holding period of an investment. The portfolio companies can therefore use surpluses to reduce their **DEBT**. Whilst this usually first increases the value of our investments, the deterioration in operating results of two investments led to a markedly higher level of debt during the first half-year. These investments account for a negative value contribution of -7.8 million euros from the debt, which outweighed the positive effects from the deleveraging undertaken by the remaining portfolio companies (7.7 million euros). The scenario looked similar in the previous financial year: at that time, the funding of a portfolio company's larger add-on acquisition led to an increase in liabilities. In another case, debt increased overall on the back of recapitalisation measures, resulting in a total negative value contribution of 16.1 million euros.

NET GAINS OR LOSSES FROM PORTFOLIO MEASUREMENT AND DERECOGNITION BY SOURCES
SOURCE ANALYSIS 1

€ 000's	**1st half-year 2018/2019**	1st half-year 2017/2018	**2nd quarter 2018/2019**	2nd quarter 2017/2018
Fair value of unlisted investments				
Change in earnings	22,394	40,425	-8,420	17,934
Change in debt	-141	-8,083	2,512	-9,315
Change in multiples	-12,868	-15,627	34,207	-3,054
Change in exchange rates	1,843	-1,134	2,022	-595
Change – other	804	347	3,975	-198
	12,032	15,928	34,296	4,772
Net gains or losses from derecognition	557	1,394	242	500
Acquisition cost	0	-157	0	20
Other	-1,641	2,906	271	1,913
	10,947	**20,073**	**34,809**	**7,205**

Figures for the second quarter were not reviewed by external auditors.

Some **MULTIPLES** that we used in the valuation of the portfolio companies as at the reporting date of 31 March 2019 were lower than those used as at 30 September 2018. Following a massive decline in the equity market valuations of some the peer-group companies in the first quarter, which burdened net gains or losses from measurement and derecognition by 47.8 million euros, multiples recovered again significantly since the start of 2019. However, individual valuation multiples remain below the levels seen at the start of the year. Despite the positive influence of 34.2 million euros in the second quarter, a negative valuation effect of -12.9 million euros remains from the developments on the capital market.

Changes in **EXCHANGE RATES** impacted upon portfolio valuation more than usual during the first half of the financial year – and unlike the corresponding period of the previous year, this impact was positive. The US dollar, the Swiss franc and the British pound made slight gains in value over the euro since the start of the financial year. Exchange rate fluctuations meanwhile impact on the value of five of DBAG's investments.

Other valuation effects shown under **CHANGE – OTHER** reflected improved planning assumptions and the resulting higher valuations of portfolio companies valued using the DCF method; the two investments (DNS:net and inexio) showed strong growth and an encouraging operating performance. This contributed 6.7 million euros to net gains or losses from measurement and derecognition. Yet this positive effect was largely neutralised by the negative value contribution of another investment: following a compliance breach at the portfolio company concerned, we applied a risk discount to that company's valuation and wrote down this investment in full as at the reporting date.

NET GAINS OR LOSSES FROM DERECOGNITION of 0.6 million euros were largely due to the realisation of amounts retained for an investment sold in previous years.

The contributions to net gains or losses from measurement included in the item **"OTHER"** are attributable mainly to the insolvency of the bakery chain "Unser Heimatbäcker" in January 2019.

SOURCE ANALYSIS 2: The positive changes in value during the first half of the year are attributable to 13 active portfolio companies (previous year: 11) and the two investments (previous year: also two investments) in externally-managed international buyout funds. Five (previous year: six) investments are recognised at their transaction price because they have been held for less than twelve months; these account for 13 per cent of portfolio value (previous year: 9 per cent). Nine (previous year: also nine) investments negatively impacted net gains or losses from measurement and derecognition in the first half of the year; in seven cases, the valuation was also negatively affected by the lower multiples of listed peer-group companies. In the case of four of these investments, the value contribution would have been positive had the capital markets influence been neutral. Where the negative performance is not solely attributable to changes on the capital markets, reasons specific to the company in question must be cited in each case as well as the economic influences referred to.

NET GAINS OR LOSSES FROM PORTFOLIO MEASUREMENT AND DERECOGNITION BY SOURCES
SOURCE ANALYSIS 2

€ 000's	**1st half-year 2018/2019**	1st half-year 2017/2018	**2nd quarter 2018/2019**	2nd quarter 2017/2018
Positive movements	40,503	30,142	38,852	18,214
Negative movements	-29,556	-10,069	-4,043	-11,009
	10,947	**20,073**	**34,809**	**7,205**

Figures for the second quarter were not reviewed by external auditors.

SOURCE ANALYSIS 3: DBAG Group's net gains or losses from measurement and derecognition were primarily impacted in the first six months of the 2018/2019 financial by the changes in portfolio measurement. Since the sale of the investment in Cleanpart had already been agreed upon in the previous financial year, the transaction was already taken into account in not yet realised net gains or losses from derecognition as at 30 September 2018. Only one minor investment (PSS) was sold by the reporting date of 31 March 2019 with no significant derecognition gain; the net gains or losses from derecognition are largely defined by the proceeds from retentions relating to an investment already disposed of in previous periods, as mentioned.

NET GAINS OR LOSSES FROM PORTFOLIO MEASUREMENT AND DERECOGNITION BY SOURCES
SOURCE ANALYSIS 3

€ 000's	**1st half-year 2018/2019**	1st half-year 2017/2018	**2nd quarter 2018/2019**	2nd quarter 2017/2018
Net gains or losses from measurement	10,390	18,679	34,566	6,705
Net gains or losses from derecognition	557	1,394	242	500
	10,947	**20,073**	**34,809**	**7,205**

Figures for the second quarter were not reviewed by external auditors.

In the first half of 2018/2019, net gains or losses from investment activity were reduced by 1.2 million euros due to **GAINS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS IN INVESTMENT ENTITY SUBSIDIARIES**. This largely reflected performance-related profit shares from personal investments in investment entity subsidiaries of the DBAG funds, namely DBAG Fund V, DBAG Fund VI and DBAG ECF (carried interest). These account for those active and former members of the DBAG investment team who co-invested alongside the funds. Thanks to the funds' improved performance, this item amounted to -2.8 million euros in the previous year.

The carried interest entitlements recognised in these financial statements primarily mirror the net performance of the investments of the DBAG funds. Accordingly, carried interest may change in line with the future performance of the funds' investments and in the course of payments following disposals from a fund's portfolio, provided that the contractual conditions are met. Corresponding to the realisation of value gains on individual investments, carried interest will be distributed over a number of years. DBAG Fund VII only commenced investments in April 2016; no carried interest needs to be recognised for this fund as at the reporting date.

CURRENT PORTFOLIO INCOME mainly relates to interest payments on shareholder loans.

Net gains or losses from other assets and liabilities of investment entity subsidiaries amounted to -3.8 million euros for the first six months of the financial year (previous year: -2.8 million euros). The item mainly includes the remuneration for the manager of DBAG Fund VI and DBAG Fund VII, based on the capital invested or committed by DBAG.

Financial position

DBAG's financial resources consist of cash and cash equivalents in the amount of 16.9 million euros, and comprise 47.4 million euros in units in fixed-income and money market funds. These funds are available for investments.

The investment entity subsidiaries hold further financial resources in the amount of 5.0 million euros, solely in cash and cash equivalents.

The following statement of cash flows in accordance with IFRSs explains the changes in DBAG's cash and cash equivalents.

During the first half of financial year 2018/2019, **FINANCIAL RESOURCES** in accordance with IFRS, which exclusively comprise cash and cash equivalents, declined by 6.6 million euros to 16.9 million euros (30 September 2018: 23.6 million euros).

The negative **CASH FLOWS FROM OPERATING ACTIVITIES** are down slightly year-on-year. Other non-cash changes primarily include payment of performance-related remuneration in the first quarter; the remuneration paid in the previous year was higher.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

INFLOWS (+) / OUTFLOWS (-)

€ 000's	**1st half-year 2018/2019**	1st half-year 2017/2018	**2nd quarter 2018/2019**	2nd quarter 2017/2018
Net income	7,604	18,504	29,026	8,391
Measurement gains (-) / losses (+) and gains (-) / losses (+) from derecognition of financial assets, as well as loans and receivables	-9,284	-17,784	-30,377	-8,292
Other non-cash changes	-6,051	-9,247	3,175	-1,877
Cash flows from operating activities	**-7,731**	**-8,527**	**1,824**	**-1,778**
Proceeds from disposals of financial assets and loans and receivables	28,103	10,840	334	8,227
Purchase of investments in financial assets and loans and receivables	-63,697	-42,475	-29,126	-40,430
Proceeds from disposals of other financial instruments	32,915	35,649	22,822	35,649
Payments for investments in other financial instruments	-22,424	0	-1,647	0
Proceeds from (+) / payments for (-) investments in long- and short-term securities	48,085	-89,977	25,798	-89,977
Other cash inflows and outflows	-69	-185	-81	-131
Cash flow from investing activities	**22,913**	**-86,147**	**18,100**	**-86,662**
Payments to shareholders (dividends)	-21,814	-21,062	-21,814	-21,062
Cash flow from financing activities	**-21,814**	**-21,062**	**-21,814**	**-21,062**
Net change in cash and cash equivalents	-6,632	-115,736	-1,890	-109,502
Cash and cash equivalents at beginning of period	23,571	127,976	18,829	121,741
Cash and cash equivalents at end of period	**16,939**	**12,239**	**16,939**	**12,239**

Some of the figures reported for the 2017/2018 financial year have been restated in accordance with IAS 8 (cf. page 23); figures for the second quarter were not reviewed by external auditors.

CASH FLOWS FROM INVESTING ACTIVITIES amounted to 22.9 million euros in the reporting period. Investment activities resulted in a cash outflow of 25.1 million euros in the first six months of the current financial year. These cash outflows consisted of total proceeds and payments relating to financial assets in a net amount of -35.6 million euros, and of total proceeds and payments relating to other financial instruments in a net amount of 10.5 million euros. Investment activities generated a cash inflow of 4.0 million euros in the first half of 2017/2018. The volatility of the cash flows relating to investment activities is due to reporting-date factors and also due to cash flows being concentrated on a few – yet sizeable – amounts in the transaction business, which is typical for our business model.

Proceeds from disposals of financial assets and loans and receivables are attributable, specifically, to two transactions: the investment entity subsidiary for DBAG Fund VI distributed the proceeds from the disposal of the investment in Cleanpart; in addition, another investment entity subsidiary distributed excess liquidity from realised profits and disposals of securities.

Payments for investments in financial assets and loans and receivables related to the capital calls made by the investment entity subsidiaries for new investments made by DBAG Fund VII (Karl Eugen Fischer) and DBAG ECF (FLS), as well as for follow-up investments in DBAG ECF portfolio companies (netzkontor nord, Rheinhold & Mahla), DBAG Fund VI (Telio) and DBAG Fund VII (radiology group). DBAG's investment in duagon (DBAG Fund VII) in the course of the final structuring of the investment financing is also recognised as a cash outflow.

The repayment of short-term loans that DBAG had granted as part of the follow-up investment in duagon and for the investment in Karl Eugen Fischer is also included as a cash inflow from derecognition of other financial instruments.

DBAG once again granted short-term loans in connection with the structuring of the investments in Kraft & Bauer and Sero, which was completed in the first quarter. The resulting cash outflows are recognised as payments for investments in other financial instruments.

The (complete) sale of bonds resulted in a cash inflow of 48.1 million euros.

Asset position

Asset and capital structure

Total assets as at the reporting date of 31 March 2019 decreased by 28.2 million euros compared with the start of the financial year (restated). The **ASSET STRUCTURE** has remained virtually unchanged: the share of non-current assets in total assets marginally increased to 79 per cent as at the current reporting date (30 September 2018: 78 per cent (restated)).

Current assets as at 31 March 2019 decreased by 9.1 million euros compared to the end of the previous financial year. The decrease in cash and cash equivalents in the course of investing activities in the first half of the year was offset, in particular, by an increase in short-term securities. Other financial instruments are short-term loans granted by DBAG in connection with the structuring of new investments. At 31 March 2019, this related to the investments in Kraft & Bauer and Sero, which were closed during the current financial year. The increase in short-term securities is the result of a reclassification of the securities held; they are exclusively classified as short-term securities in line with the financing requirements in view of the present circumstances.

At 31 March 2019, 79 per cent of total assets (30 September 2018: 66 per cent) were invested in financial assets. 14 per cent of total assets were attributable to DBAG's financial resources, consisting of cash and cash equivalents and short- and long-term securities. The share of financial resources has decreased further since the end of the last financial year (25 per cent), and has thus returned to the target level, equivalent to investment requirements for a single financial year.

Equity now stands at 429.6 million euros, down by 14.2 million euros (restated) from 30 September 2018. The distribution for the previous year exceeded the net income in the first half of the year. Equity per share thus declined from 29.50 euros (restated) to 28.56 euros. In relation to equity at the start of the financial year, reduced by the dividend distributed in February, this equates to an increase of 1.8 per cent within six months.

CONDENSED STATEMENT OF FINANCIAL POSITION

€ 000's	**31 Mar 2019**	30 Sep 2018
Financial assets including loans and receivables	355,514	318,931
Long-term securities	0	55,458
Other non-current assets	1,071	1,277
Non-current assets	**356,585**	**375,666**
Other financial instruments	22,275	32,766
Receivables and other assets	3,144	1,475
Short-term securities	47,429	40,000
Cash funds	16,939	23,571
Other current assets	6,787	7,840
Current assets	**96,573**	**105,653**
Assets	**453,158**	**481,319**
Equity	429,636	443,790
Non-current liabilities	12,181	12,389
Current liabilities	11,341	25,140
Equity and liabilities	**453,158**	**481,319**

Some figures as at 30 Sep 2018 were restated in accordance with IAS 8 (cf. page 23).

The **CAPITAL STRUCTURE** is largely unchanged as against the end of the last financial year; the equity ratio rose from around 92 per cent to just under 95 per cent. Equity covers non-current assets in full, and covers current assets at a rate of 76 per cent.

Current liabilities as at the current reporting date were 13.8 million euros lower than on 30 September 2018. This is due to payment of variable remuneration for which provisions were recognised as at 30 September 2018, as well as to repayment in the first quarter of a current liability that arose from DBAG ECF's capital call for the investment in FLS in the previous financial year.

The **CREDIT LINE** of 50 million euros was not drawn down during the first three months, nor at the reporting date.

Financial assets and loans and receivables

Financial assets including loans and receivables are largely determined by the **PORTFOLIO VALUE**: excluding non-controlling interests in investment entity subsidiaries (largely carried interest), the figure was 41.0 million euros higher compared to the 30 September 2018 reporting date. The increase in financial assets by 36.6 million euros was attributable for the most part to portfolio additions and the value appreciation of the existing investments (for details, please refer to the information below on portfolio value).

FINANCIAL ASSETS INCLUDING LOANS AND RECEIVABLES

€ 000's	**31 Mar 2019**	30 Sep 2018
Portfolio value (including loans and receivables)		
gross	389,668	348,650
Non-controlling interests in investment entity subsidiaries	-28,562	-27,344
(net)	361,106	321,306
Other assets and liabilities of investment entity subsidiaries	-5,669	-2,450
Other non-current assets	76	75
Financial assets including loans and receivables	**355,514**	**318,931**

1 Some figures as at 30 Sep 2018 were restated in accordance with IAS 8 (cf. page 23).

NON-CONTROLLING INTERESTS IN INVESTMENT ENTITY SUBSIDIARIES increased by a net 1.2 million euros compared with the start of the financial year (restated). This includes changes in the measurement of the portfolios of DBAG Fund V, DBAG Fund VI, and DBAG ECF. The current fair value of the DBAG Fund VII portfolio does not yet require carried interest to be recognised.

The higher negative balance of **OTHER ASSETS/LIABILITIES OF INVESTMENT ENTITY SUBSIDIARIES** was largely due to loans granted by DBAG in connection with the structuring of new investments as well as the decrease in other financial assets and the assets of investment entity subsidiaries.

Portfolio and portfolio value

At 31 March 2019, the DBAG portfolio consisted of 27 equity investments along with two investments in international private equity funds managed by third parties that we entered into in 2000 and 2002, respectively. The investments are held indirectly via investment entity subsidiaries, with only one exception (JCK). The portfolio contains 20 management buyouts and seven investments aimed at expansion financing. The two international private equity funds are both at the end of their disinvestment phase and only hold one portfolio company each.

At 31 March 2019, the value of the 29 investments, including loans to and receivables from portfolio companies, and excluding short-term bridge loans, amounted to 373.6 million euros (30 September 2018 (restated): 339.4 million euros); in addition, there were entities with a value of 16.1 million euros through which (largely) representations and warranties dating from former divestments are settled ("Other investments"), and which are no longer expected to deliver appreciable value contributions (30 September 2018: 9.3 million euros). This brought the portfolio value to a total of 389.7 million euros (30 September 2018 (restated): 348.7 million euros).

The portfolio value has increased in gross terms by 41.0 million euros since the beginning of the financial year. Additions totalling 56.2 million euros – largely reflecting the new investments in FLS, Kraft & Bauer and Sero, as well as the follow-up investments in duagon, Frimo, netzkontor nord, the radiology group and Telio – were offset by changes in measurement of 10.4 million euros and derecognitions of 25.6 million euros, primarily attributable to the sale of the investment in Cleanpart.

At 31 March 2019, the 15 biggest investments accounted for around 72 per cent of the portfolio value (30 September 2018 (restated): 77 per cent). The following table lists these investments in alphabetical order. A full list of the portfolio companies can be found on the DBAG website and at the end of this half-yearly financial report.

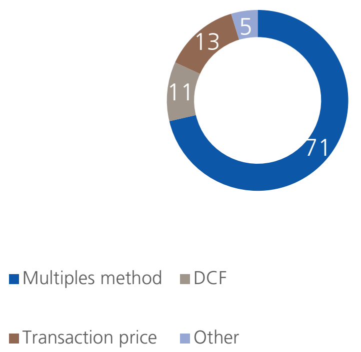
Company	Cost	Equity share DBAG	Investment type	Sector
	€mn	%		
DNS:Net Internet Service GmbH	6.4	15.7	Expansion capital	Information technology, media and telecommunications
duagon Holding AG	24.6	21.5	MBO	Industrial components
Gienanth Group GmbH	3.9	11.4	MBO	Industrial components
inexio KGaA	7.5	6.9	Expansion capital	Information technology, media and telecommunications
Infiana Group GmbH	4.5	17.6	MBO	Industrial components
Karl Eugen Fischer GmbH	22.6	21.0	MBO	Mechanical and plant engineering
Kraft & Bauer Holding GmbH	14.1	19.0	MBO	Industrial components
netzkontor nord GmbH	9.1	35.9	Expansion capital	Information technology, media and telecommunications
Novopress KG	2.3	18.9	Expansion capital	Mechanical and plant engineering
Oechsler AG	11.2	8.4	Expansion capital	Automotive suppliers
Pfaudler International S.à r.l.	13.3	17.8	MBO	Mechanical and plant engineering
Polytech Health & Aesthetics GmbH	13.3	15.0	MBO	Industrial components
Silbitz Group GmbH	4.3	13.0	MBO	Industrial components
Telio Management GmbH	14.3	16.0	MBO	Information technology, media and telecommunications
vitronet Projekte GmbH	4.5	41.3	MBO	Information technology, media and telecommunications

The following portfolio information is based on the valuation and resulting portfolio value at the reporting date of 31 March 2019. The investments in international buyout funds and in companies through which retentions for representations and warranties from exited investments are held are recognised under "Other". The debt (net debt, EBITDA) is based on the expectations of the portfolio companies for the financial year 2018.

Portfolio structure

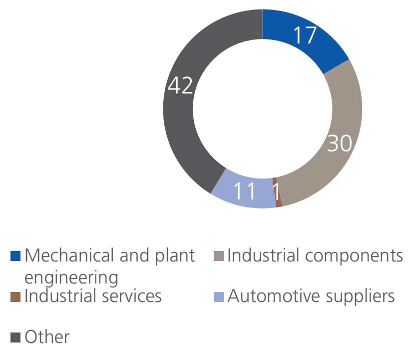
PORTFOLIO VALUE BY VALUATION METHOD

%



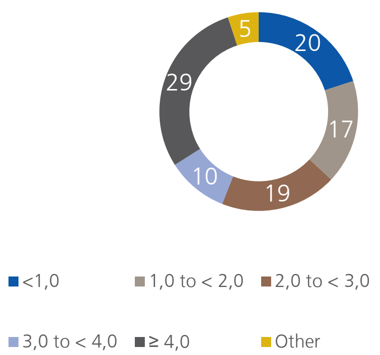
PORTFOLIO VALUE BY SECTOR

%



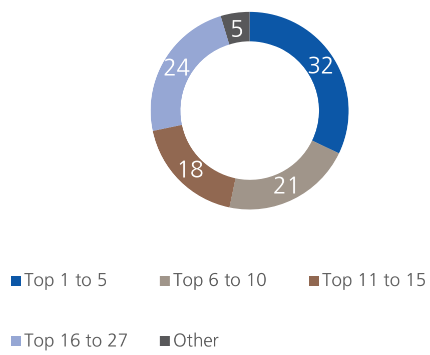
PORTFOLIO VALUE BY PORTFOLIO COMPANY NET DEBT / EBITDA

%



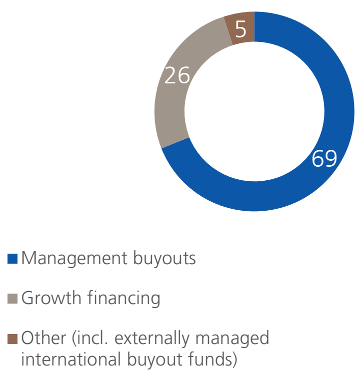
CONCENTRATION OF PORTFOLIO VALUE

Size categories (%)



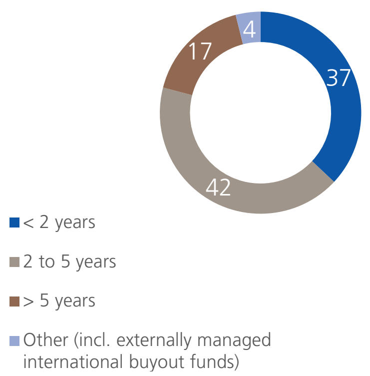
PORTFOLIO VALUE BY TYPE OF INVESTMENT

%



PORTFOLIO VALUE BY AGE

Classes in %



Business performance by segment

Private Equity Investments segment

SEGMENT EARNINGS STATEMENT – PRIVATE EQUITY INVESTMENTS

€ 000's	**1st half-year 2018/2019**	1st half-year 2017/2018	**2nd quarter 2018/2019**	2nd quarter 2017/2018
Net gains or losses from investment activity	9,539	20,168	30,645	8,455
Other income/expense items	-3,750	-3,848	-1,985	-1,609
Earnings before tax	**5,788**	**16,320**	**28,660**	**6,845**

Some of the figures reported for the 2017/2018 financial year have been restated in accordance with IAS 8 (cf. page 23); figures for the second quarter were not reviewed by external auditors.

EARNINGS BEFORE TAX in the Private Equity Investments segment amounted to 5.8 million euros after the first half of 2018/2019, down 10.5 million euros on the prior-year period. This is due to significantly lower **NET GAINS OR LOSSES FROM INVESTMENT ACTIVITY**. For details, please refer to the information on this item provided in the "Financial performance" section. Net expenses under **OTHER INCOME/EXPENSE ITEMS** (the net amount of internal management fees, personnel expenses, other operating income and expenses, as well as net interest) declined by 0.1 million euros year-on-year. Transaction-related consultancy costs were 0.8 million euros lower than in the first half of the previous financial year. Personnel expenses rose at the same time – due in part to the higher number of employees – by 0.4 million euros. The figure includes internal management fees paid to the Fund Investment Services segment in the amount of 0.5 million euros (previous year: 0.4 million euros).

NET ASSET VALUE AND AVAILABLE LIQUIDITY

€ 000's	**31 Mar 2019**	30 Sep 2018
Financial assets including loans and receivables	355,514	318,931
Other financial instruments	22,275	32,766
Financial resources	64,368	119,029
Net asset value	**442,157**	**470,727**
Financial resources	64,368	119,029
Credit line	50,000	50,000
Available liquidity	**114,368**	**169,029**
Co-investment commitments alongside DBAG funds	**154,495**	**198,477**

Some figures for financial year 2017/2018 were restated in accordance with IAS 8 (cf. page 23).

The **NET ASSET VALUE** is lower than at the end of the previous financial year, having declined by 28.6 million euros to 442.2 million euros. Financial assets and financial resources declined by a total of 18.1 million euros since 30 September 2018. Please refer to the "Asset position" and "Financial position" sections for information on the changes to financial assets and financial resources.

Pending **CO-INVESTMENT COMMITMENTS ALONGSIDE DBAG FUNDS** decreased by 44.0 million euros overall.

We serviced capital calls for new investments and acquisitions of portfolio companies. At 31 March 2019, 42 per cent of the co-investment commitments were covered by the available financial resources (cash and cash equivalents including securities; 30 September 2018: 60 per cent). A credit line of 50 million euros is available to compensate for the irregular cash flows resulting from our business model. The credit line is provided by a consortium of two banks, until 2023.

The surplus of co-investment commitments over available funds amounts to around 13 per cent of financial assets, compared with 9 per cent at 30 September 2018. We expect to be able to cover this surplus with disposals from the portfolio.

Fund Investment Services segment

SEGMENT EARNINGS STATEMENT – FUND INVESTMENT SERVICES

€ 000's	**1st half-year 2018/2019**	1st half-year 2017/2018	**2nd quarter 2018/2019**	2nd quarter 2017/2018
Fee income from fund management and advisory services	14,324	14,663	6,716	7,546
Other income/expense items	-12,503	-12,461	-6,349	-5,995
Earnings before tax	**1,821**	**2,202**	**367**	**1,552**

Some of the figures reported for the 2017/2018 financial year have been restated in accordance with IAS 8 (cf. page 23); figures for the second quarter were not reviewed by external auditors.

The Fund Investment Services segment closed the quarter with **EARNINGS BEFORE TAX** of 1.8 million euros, compared to 2.2 million euros in the same period of the previous year. **FEE INCOME FROM FUND MANAGEMENT AND ADVISORY SERVICES** declined year-on-year, reflecting lower fees from DBAG Fund VI and DBAG Fund V. The segment information also takes into consideration internal income from the Private Equity Investments segment, in the amount of 0.5 million euros (previous year: 0.4 million euros).

The negative balance of **OTHER INCOME/EXPENSE ITEMS** was slightly higher year-on-year, largely due to an increase in personnel expenses of 1.2 million euros. By contrast, the segment result in the prior-year quarter was negatively impacted by a non-recurring effect of 0.9 million euros, due to the subsequent adjustment of remuneration which DBAG had received for the work performed by members of the investment team on supervisory bodies of DBAG Fund V portfolio companies.

ASSETS UNDER MANAGEMENT OR ADVISORY

€ 000's	**31 Mar 2019**	30 Sep 2018
Portfolio companies at cost	970,775	862,076
Funds called but not yet invested	0	23,387
Short-term bridge loans for new investments	108,377	145,086
Pending capital commitments by third-party investors	531,724	681,799
Financial resources (of DBAG)	64,368	119,029
Assets under management or advisory	**1,675,243**	**1,831,378**

The amount of **ASSETS UNDER MANAGEMENT AND ADVISORY** has fallen slightly since the start of the financial year. Pending capital commitments by fund investors declined by a total of 150 million euros, reflecting investing activities –

this was offset by a 49 million euro increase in total funds invested in (or called for) portfolio companies or bridge loans. The negative balance of these two items was attributable to the distribution of funds invested in Cleanpart to fund investors and DBAG, following the disposal of this investment. DBAG's financial resources declined in the course of operating and investing activities during the first six months of the financial year, due *inter alia* to distribution of dividends. Please refer to the "Financial position" section for information on changes in DBAG's financial resources.

Financial and non-financial performance indicators

Return on Group equity per share

Group equity per share declined by 1.00 euros in the first half of the financial year, to 28.56 euros. After adjusting for the distributed dividend of 1.45 euros per share, the return is calculated based on Group equity per share of 28.05 euros. This brings the return on Group equity to 1.8 per cent after six months.

Performance

Adjusted for dividends distributed, DBAG recorded a total return of 183 per cent based on the Group equity per share over a period of just over ten years (from 31 October 2008 to 31 March 2019); this equates to an average annual total return of 10.5 per cent over this ten-year period.[12]

Employees

Our employees are our most important resource. Accordingly, we pay particular attention to our corporate culture and to other factors that have a bearing on employee satisfaction. We report once a year on the corresponding indicators and on our remuneration system.

At 31 March 2019, DBAG employed 37 female and 31 male staff (not including the members of the Board of Management or vocational trainees), making a total of 68 employees. This is three more than as at 30 September 2018; as at 31 March 2019, four positions were temporarily duplicated, due to change of staff. Female employees accounted for 54 per cent, unchanged from the corresponding period of the previous year. We also had five vocational trainees at the reporting date; this represents an vocational trainee quota of around eight per cent. Not included in these figures are the three employees on parental leave at the reporting date.

Investment opportunities: better-quality deal flow

We dealt with 116 investment opportunities in the first half-year in what was a highly competitive environment (comparable period of the previous year: 143). The decline went hand in hand with an improvement in quality: the share of transaction opportunities that we rejected directly has fallen year-on-year. In addition to participating in auctions, our network affords us direct access to portfolio companies and assists us in initiating investment opportunities through a proprietary deal flow. As in the previous year, roughly half of the transaction opportunities related to our core sectors; in other words, mechanical and plant engineering, automotive supply, industrial support services and industrial component manufacturers.

Significant events after the end of the period

Please refer to the comments on significant events after the end of the period in the condensed notes to the financial statements (note 20).

Opportunities and risks

For information on opportunities and risks, please refer to the statements set out in the combined management report as at 30 September 2018. They continue to apply in principle.[13]

However, one risk with a high expected probability has changed since then. We meanwhile see a greater likelihood that the risk of a "negative impact of the general economy and economic cycles in individual sectors on portfolio companies" will become significant. The notably lower growth momentum we are seeing for now in most of the important economic areas leads us to assume that the probability of this risk occurring is no longer "low" (as before) but now "possible". The expected value of this external risk – which is beyond our control – is therefore greater than before.

[12] 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). Until 2015, the dividend was distributed at the end of March; since then, it has been paid at the end of February.

[13] cf. Annual Report 2017/2018, page 82 et seqq.

Forecast

Net gains or losses from the Private Equity Investments segment are indicative of DBAG's net income. In the short term, they are heavily defined by individual events or developments that are not predictable at the beginning of the financial year. We cannot predict, for example, to what extent the capital market will influence segment net income and therefore DBAG's net income. We therefore always issue our forecast subject to the proviso that valuation levels on the capital markets will not have changed materially at the end of a financial year from the time the forecast was published.

The strong volatility on the capital markets over recent months drove the multiples used for the valuation of our portfolio companies up as well as down – in some cases massively. This also impacted upon net gains or losses from measurement and derecognition – and therefore also on our net income – in the first two quarters of the financial year. This demonstrates once again that the informational value of a single quarterly result is comparatively low. The result cannot be used to draw any conclusions as to the result for an entire financial year – nor is it meaningful to compare performance figures (net gains or losses from measurement and derecognition) for certain quarters of a financial year with the corresponding quarter of the previous year. We point this out repeatedly. It would be purely coincidental if one quarter's result were to match the corresponding quarter of the previous year: not only is our business not linear, it does not follow any seasonal pattern either. This distinguishes it from most other business models adopted by other listed companies.

Thanks to the sharp upturn in share prices since the start of the year, the second quarter results were several times higher than an average quarterly result; we informed our shareholders of this development in an ad-hoc disclosure on 6 April 2019. However, owing to capital market developments for the six months ended 31 March 2019, we are still posting a negative value contribution of around 13.0 million euros.

Assuming the measurement levels determined as at the current reporting date were to remain unchanged until the full-year reporting date – with valuations as at 30 September 2019 thus being significantly lower compared to the previous reporting date of 30 September 2018, contrary to planning assumptions – consolidated net income would decline accordingly, compared to projections.

Similar to our assumption of stable capital market developments as a basis of our forecast, the portfolio companies incorporate expectations of future change in the macroeconomic environment when setting their budgets. The latter has deteriorated in the past three months and the easing economic momentum is reflected in some portfolio companies. This might also be a decisive factor on whether we will in fact achieve our forecast during the second half of the financial year.

For the months ahead, we envisage opportunities and risks that we have not taken into account in our projections – such as from the closing of investment disposals, or the economic development of individual investments. As things stand at present, we believe consolidated net income will reach the projected level – provided the capital market valuations continue to improve over 31 March 2019, the economic framework does not deteriorate further, and transaction activity on that part of the M&A market that is relevant for our business does not weaken.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AT 31 MARCH 2019

Consolidated statement of comprehensive income

for the period from 1 October 2018 to 31 March 2019

€ 000's	**1 Oct 2018 to 31 Mar 2019**	1 Oct 2017 to 31 Mar 2018
		Restated[1]
Net gain or loss from investment activity	9,539	20,168
Fee income from fund management and advisory services	13,791	14,282
Net gain or loss from fund services and investment activity	**23,330**	**34,450**
Personnel expenses	-10,004	-8,365
Other operating income	3,141	1,304
Other operating expenses	-9,057	-8,718
Interest income	533	168
Interest expenses	-333	-318
Other income/expense items	**-15,720**	**-15,929**
Earnings before tax	**7,609**	**18,522**
Income taxes	0	-1
Earnings after tax	**7,609**	**18,521**
Profit (-)/loss (+) attributable to non-controlling interests	-5	-17
Net income	**7,604**	**18,504**
a) Items that will not be reclassified subsequently to profit or loss		
Gains (+)/losses (-) on remeasurements of the net defined benefit liability (asset)	63	-352
b) Items that will be reclassified subsequently to profit or loss		
Unrealised gains (+)/losses (-) on available-for-sale securities	0	-98
Changes in the fair value of financial assets measured at fair value through other comprehensive income	15	0
Other comprehensive income	**78**	**-450**
Total comprehensive income	**7,682**	**18,054**
Earnings per share in euros (diluted and basic)[2]	0.51	1.23

1 Restated in accordance with IAS 8 (see Note 3 of the notes to the condensed consolidated financial statements)

2 The earnings per share calculated in accordance with IAS 33 are based on net income divided by the average number of DBAG shares outstanding in the reporting period.

Consolidated statement of cash flows

for the period from 1 October 2018 to 31 March 2019

INFLOWS (+) / OUTFLOWS (-)

€ 000's	**1 Oct 2018 to 31 Mar 2019**	1 Oct 2017 to 31 Mar 2018
		Restated[1]
Net income	7,604	18,504
Measurement gains (-) / losses (+) on financial assets and loans and receivables, depreciation and amortisation of property, plant and equipment and intangible assets, gains (-)/ losses (+) on long- and short-term securities	-8,753	-17,009
Gains (-) / losses (+) from the disposal of non-current assets	-80	-60
Increase (-) / decrease (+) in income tax assets	-1,996	-103
Increase (-) / decrease (+) in other assets (netted)	894	-2,267
Increase (+) / decrease (-) in pension provisions	-209	220
Increase (+) / decrease (-) in other provisions	-3,343	-7,422
Increase (+) / decrease (-) in other liabilities (netted)	-1,849	-390
Cash flows from operating activities	**-7,731**	**-8,527**
Proceeds from disposals of property, plant and equipment and intangible assets	57	76
Payments for investments in property, plant and equipment and intangible assets	-126	-261
Proceeds from disposals of financial assets and loans and receivables	28,103	10,840
Purchase of investments in financial assets and loans and receivables	-63,697	-42,475
Proceeds from disposals of other financial instruments	32,915	35,649
Payments for investments in other financial instruments	-22,424	0
Proceeds from disposals of long- and short-term securities	48,270	0
Payments for investments in long- and short-term securities	-185	-89,977
Cash flow from investing activities	**22,913**	**-86,147**
Payments to shareholders (dividends)	-21,814	-21,062
Cash flow from financing activities	**-21,814**	**-21,062**
Net change in cash and cash equivalents	-6,632	-115,736
Cash and cash equivalents at beginning of period	23,571	127,976
Cash and cash equivalents at end of period	**16,939**	**12,239**

1 Restated in accordance with IAS 8 (see Note 3 of the notes to the condensed consolidated financial statements)

Consolidated statement of financial position

at 31 March 2019

€ 000's	31 Mar 2019	30 Sep 2018	30 Sep 2018
		Restated[1]	As reported
ASSETS			
Non-current assets			
Intangible assets	330	438	438
Property, plant and equipment	741	839	839
Investment securities	355,514	318,931	323,304
Long-term securities	0	55,458	55,458
Total non-current assets	**356,585**	**375,666**	**380,039**
Current assets			
Receivables	803	1,130	1,091
Short-term securities	47,429	40,000	40,000
Other financial instruments	22,275	32,766	32,766
Claims on income tax refunds	2,341	345	345
Cash funds	16,939	23,571	23,571
Other current assets	6,787	7,840	7,408
Total current assets	**96,573**	**105,653**	**105,181**
Total assets	**453,158**	**481,319**	**485,220**
EQUITY AND LIABILITIES			
Equity			
Subscribed capital	53,387	53,387	53,387
Capital reserve	173,762	173,762	173,762
Retained earnings and other reserves	-6,276	-6,331	-6,331
Consolidated retained profit	208,763	222,973	226,962
Total equity	**429,636**	**443,790**	**447,779**
Debt			
Non-current liabilities			
Liabilities to non-controlling interests	180	180	180
Provisions for pension obligations	12,001	12,209	12,209
Total non-current liabilities	**12,181**	**12,389**	**12,389**
Current liabilities			
Other current liabilities	5,458	15,913	15,773
Tax provisions	17	17	17
Other provisions	5,866	9,209	9,262
Total short-term debt	**11,341**	**25,140**	**25,052**
Total debt	**23,522**	**37,529**	**37,441**
Total equity and liabilities	**453,158**	**481,319**	**485,220**

1 Restated in accordance with IAS 8 (see Note 3 of the notes to the condensed consolidated financial statements)

Consolidated statement of changes in equity

for the period from 1 October 2018 to 31 March 2019

€ 000's	1 Oct 2018 to 31 Mar 2019	1 Oct 2017 to 31 Mar 2018
		Restated[1]
Subscribed capital		
At start and end of reporting period	**53,387**	**53,387**
Capital reserve		
At start and end of reporting period	**173,762**	**173,762**
Retained earnings and other reserves		
Legal reserve		
At start and end of reporting period	403	403
First-time adoption of IFRS		
At start and end of reporting period	16,129	16,129
Reserve for changes in accounting methods		
At start of reporting period	0	0
Effects from reclassification in accordance with IFRS 9	-36	0
Measurement effects in accordance with IFRS 9	-74	0
At start (restated)[2] and end of reporting period	-109	0
Reserve for gains/losses on remeasurements of the net defined benefit liability (asset)		
At start of reporting period	-22,760	-21,605
Change in reporting period	63	-352
At end of reporting period	-22,698	-21,957
Change in unrealised gains/losses on available-for-sale securities		
At start of reporting period	-102	-55
Effects from reclassification in accordance with IFRS 9	102	0
At start of reporting period (restated)[2]	0	-55
Changes recognised directly in equity during the period	0	-98
At end of reporting period	0	-153
Reserves for financial assets measured at fair value through other comprehensive income		
At start of reporting period	0	0
Effects from reclassification in accordance with IFRS 9	-67	0
Measurement effects in accordance with IFRS 9	52	0
At start of reporting period (restated)[2]	-15	0
Changes recognised in income during the period	15	0
At end of reporting period	0	0
At end of reporting period	**-6,276**	**-5,578**
Consolidated retained profit		
At start of reporting period[1]	222,973	214,346
Dividend	-21,814	-21,062
Net income	7,604	18,504
At end of reporting period	**208,763**	**211,788**
Total	**429,636**	**433,358**

1 Restated in accordance with IAS 8 (see Note 3 of the notes to the condensed consolidated financial statements)
2 Restated as part of the transition to IFRS 9 (see Note 2 of the notes to the condensed consolidated financial statements)

Condensed notes to the interim consolidated financial statements for the first six months of the financial year 2018/2019

General information

1. Basis of preparation of the interim consolidated financial statements

The interim consolidated financial statements of Deutsche Beteiligungs AG (DBAG) as at 31 March 2019 were prepared in accordance with section 115 (3) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) as well as in conformity with the provisions set out in International Accounting Standard 34 (IAS 34). They are 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 mandatory interpretations of the International Financial Reporting Interpretations Committee (IFRIC) relevant for interim financial reporting were also 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 as well as these condensed notes to the interim consolidated financial statements ("selected explanatory notes").

DBAG has made use of the simplification provided by section 53 of the Stock Exchange Rules and Regulations (Börsenordnung) of the Frankfurt Stock Exchange and issued a quarterly statement instead of a quarterly financial report. Therefore, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity contained in the interim consolidated financial statements as at 31 March 2019 do not present quarterly data.

The interim consolidated financial statements were prepared in euros. The amounts are rounded to thousands of euros, except when transparency reasons require amounts to be presented in euros. Rounding differences in the tables in this report may therefore occur.

2. Changes in accounting methods due to amended rules

Standards and interpretations as well as amendments to standards and interpretations applicable for the first time that have an impact on the current reporting period

In the financial year 2018/2019, the new standard IFRS 9 "Financial Instruments" has to be applied for the first time. The standard replaces the previous standard IAS 39 "Financial Instruments: Recognition and Measurement" and, like IAS 39, comprises the issues of classification and measurement, impairment as well as hedging transactions. As a result of the effects on the consolidated financial statements, which overall are not material, DBAG decided to make use of the election provided by IFRS 9 not to adjust comparative information for previous periods. The effects from initial application were accordingly recognised directly in equity on a cumulative basis as at 1 October 2018 (date of transition).

The first-time application of IFRS 9 had the following effects on the presentation of the consolidated financial statements:

Classification and measurement

The new standard IFRS 9 brings fundamental changes to the classification and measurement of financial assets.

IFRS 9 introduces a uniform concept for classifying financial assets. From now on, financial instruments are classified according to two criteria – the business model criterion and the cash flow criterion – into three categories. Measurement follows from the classification.

IFRS 9 provides for the following three categories of financial assets:

- "measured at amortised cost",
- "measured at fair value through other comprehensive income",
- "measured at fair value through profit or loss".

Financial assets whose cash flows consist solely of payments of principal and interest satisfy the cash flow criterion; they are classified in line with DBAG's business model pursuant to IFRS 9.

- If the business model provides for the asset to be held in order to collect contractual cash flows, the asset is measured at amortised cost.

- If the business model provides for both the holding and the sale of assets, to cover a certain liquidity requirement for instance, these assets are measured at fair value through other comprehensive income.

However, financial assets attributable to DBAG's investment business are always measured at fair value through profit or loss. The same applies to financial assets whose cash flows do not consist solely of payments of principal and interest.

In the future, the measurement method results directly from this classification. The following overview shows the measurement methods and carrying amounts in accordance with IAS 39 (up to and including 30 September 2018) as well as the categories, the resulting measurement methods and carrying amounts in accordance with IFRS 9 (since 1 October 2018):

RECONCILIATION OF CARRYING AMOUNTS FROM IAS 39 TO IFRS 9

€ 000's	Measurement method in accordance with IAS 39	Category and measurement method in accordance with IFRS 9	Carrying amounts in accordance with IAS 39 30 Sep 2018	**Carrying amounts in accordance with IFRS 9 1 Oct 2018**
			Restated[1]	
Financial assets				
Financial assets	Measured at fair value through profit or loss	Measured at fair value through profit or loss	318,931	318,931
Securities				
Fixed-income securities	Measured at fair value through other comprehensive income	Measured at fair value through other comprehensive income	33,122	33,400
Money-market funds	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	34,234	34,234
Fixed-income funds	Measured at fair value through other comprehensive income	Measured at fair value through profit or loss	28,102	28,102
Loans and advances	Measured at amortised cost	Measured at amortised cost	1,130	1,130
Other financial instruments	Measured at amortised cost	Measured at fair value through profit or loss	32,766	32,766
Cash funds	Measured at amortised cost	Measured at amortised cost	23,571	23,571
Other current assets[2]				
Trade receivables	Measured at amortised cost	Measured at amortised cost	264	260
Receivables from DBAG funds	Measured at amortised cost	Measured at amortised cost	4,806	4,805
Receivables from employees	Measured at amortised cost	Measured at amortised cost	140	140
Rental deposit	Measured at amortised cost	Measured at amortised cost	405	404
Interest receivables on securities	Measured at amortised cost	Measured at fair value through other comprehensive income	278	0
Purchase price retention	Measured at amortised cost	Measured at amortised cost	1,534	1,519
			479,284	**479,262**

1 Restatements refer to financial assets, receivables and other current assets in accordance with IAS 8 (see Note 3)
2 Excluding prepaid expenses, value-added tax and other items in the amount of 391,000 euros.

In summary, the following changes result from the application of IFRS 9 at 1 October 2018:

- Changes in the fair value of shares in retail funds (62,336,000 euros, unchanged from 30 September 2018 in accordance with IAS 39) are no longer recognised in other comprehensive income, but through profit or loss in net income. Changes in value recognised in equity until the first-time application of IFRS 9 (-36,000 euros) are reclassified within equity as at the date of transition.
- Other financial instruments consist of loans to investment entity subsidiaries; they were previously measured at amortised cost and will be measured at fair value through profit or loss according to their classification (business model criterion) in the future. This means that changes in value from the quarterly measurement are recognised through profit or loss. As

the other financial instruments have a term of less than one year, their fair value corresponds to their amortised cost (32,766,000 euros).

› Interest receivables on securities in the amount of 278,000 euros result from fixed-rate securities, which were reclassified upon the transition to IFRS 9 from the item "Other current assets" to the item "Securities".

The effects are not material for DBAG.

Impairment

IFRS 9 introduces a new impairment concept for financial instruments that are structured as debt instruments Whereas only incurred losses were recognised under IAS 39, IFRS 9 also requires the recognition of expected losses. Since the beginning of the current financial year, DBAG has established a loss allowance for potential future impairment losses on financial assets in these categories upon initial recognition of the asset. A loss allowance amounting to the expected losses over the remaining lifetime (simplified impairment model) will be recognised for receivables from affiliated companies, receivables from co-investment funds and trade receivables, regardless of their credit quality. First-time application effects from this amendment will be recognised in equity in line with the transitional provisions. If expectations of the amount and/or accrual of recognised potential impairment losses should change, the changes are recognised in accordance with the measurement category for the financial instrument (at amortised cost or at fair value through other comprehensive income). Overall, IFRS 9 will therefore lead to the earlier recognition of impairment losses and an increase in impairment amounts. Over time, this recognition of impairment losses will reverse until the principal and interest payable on a financial instrument has been repaid in full.

In aggregate, the transitional effects from the introduction of the new impairment concept amounted to -74,000 euros; the net change in equity was -22,000 euros. The following table shows the effects from the reconciliation of the allowance for credit losses in accordance with IAS 39 (as at 30 September 2018) to the loss allowance in accordance with IFRS 9 (as at 1 October 2018):

RECONCILIATION OF THE ALLOWANCE FOR CREDIT LOSSES IN ACCORDANCE WITH IAS 39 TO THE LOSS ALLOWANCE IN ACCORDANCE WITH IFRS 9

€ 000's	Allowance for credit losses in accordance with IAS 39 30 Sep 2018	Transitional effects	**Loss allowance in accordance with IFRS 9 1 Oct 2018**
Financial assets at fair value through other comprehensive income			
Securities			
Fixed-income securities	0	52	52
Total	**0**	**52**	**52**
Financial assets measured at amortised cost			
Receivables	0	0	0
Cash funds	0	0	0
Other current assets[1]			
Trade receivables	41	4	45
Receivables from DBAG funds	0	1	1
Receivables from employees	0	1	1
Rental deposit	0	1	1
Purchase price retention	0	15	15
Total	**41**	**22**	**65**
	41	**74**	**117**

As at 30 September 2018, one receivable in the amount of 41,000 euros was subject to full impairment. As at 1 October 2018, loss allowances increased by 74,000 euros, of which 52,000 euros were attributable to the fixed-rate securities sold in the first half of 2018/2019. Another 15,000 euros referred to a purchase price receivable with a credit risk that we considered was increased.

The effects from the first-time application of IFRS 9 on Group equity are shown in the following table:

EFFECTS FROM THE FIRST-TIME APPLICATION OF IFRS 9 ON GROUP EQUITY

€ 000's	
Reserve for changes in accounting methods	
As at 30 September 2018 in accordance with IAS 39	0
Reclassification from change in unrealised gains/losses on available-for-sale securities	-36
Additions to loss allowances for expected impairment	-74
As at 1 October 2018 in accordance with IFRS 9	**-109**
Change in unrealised gains/losses on available-for-sale securities	
As at 30 September 2018 in accordance with IAS 39	-102
Reclassification to reserves for changes in accounting methods	36
Reclassification to reserves for financial assets measured at fair value through other comprehensive income	67
As at 1 October 2018 in accordance with IFRS 9	**0**
Reserves for financial assets measured at fair value through other comprehensive income	
As at 30 September 2018 in accordance with IAS 39	0
Reclassification from change in unrealised gains/losses on available-for-sale securities	-67
Change in loss allowances for expected impairment	52
As at 1 October 2018 in accordance with IFRS 9	**-15**

New standards and interpretations as well as amendments to standards and interpretations applicable for the first time that have no impact on the current reporting period

In the financial year 2018/2019, the following new standards and interpretations or amendments to standards and interpretations are required to be applied for the first time (see 2017/2018 Annual Report, pages 109 et seq.):

- Amendments to IAS 40 "Investment Property"
- Annual Improvements to IFRS Standards 2014–2016 Cycle
  - IAS 28 "Investments in Associates and Joint Ventures",
  - IFRS 1 "First-time Adoption of IFRS",
- Amendments to IFRS 2 "Share-based Payment",
- Amendments to IFRS 4 "Insurance Contracts",
- IFRS 15 "Revenue from Contracts with Customers"
- Amendments to IFRS 15 "Revenue from Contracts with Customers",
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

These amendments do not have an effect on the consolidated financial statements of DBAG. In particular, our view regarding IFRS 15 has been confirmed; we refer to pages 112 to 113 of the 2017/2018 Annual Report for a detailed description.

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 or the IFRIC, respectively, 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. DBAG intends to initially apply the respective standard or interpretation for the financial year beginning after that date. No use will therefore be made of voluntary early application of these standards and interpretations (see 2017/2018 Annual Report, pages 109 et seq.):

- Amendments to IAS 19 "Employee Benefits" (1 January 2019),
- Amendments to IAS 28 "Investments in Associates and Joint Ventures" (1 January 2019),
- Amendments to IFRS 9 "Financial instruments" (1 January 2019),
- IFRS 16 "Leasing" (1 January 2019),
- IFRIC 23 "Uncertainty over Income Tax Treatments" (1 January 2019),
- Annual Improvements to IFRS Standards 2015–2017 Cycle (1 January 2019):
  - IAS 12 "Income Taxes",
  - IAS 23 "Borrowing Costs",
  - IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangements".

DBAG analyses the impact of the introduction of new standards on the presentation of the consolidated financial statements on an ongoing basis, also evaluating the most recent assessments. As at 31 March 2019, no new findings were available regarding the impact of the listed changes on the consolidated financial statements. We refer to pages 109 to 114 of the 2017/2018 Annual Report for further details.

3. Restatements in accordance with IAS 8

Changes in accounting methods due to the identification of an error in previous consolidated financial statements

We have changed the accounting method for recognition of carried interest and reported on this basis for the first time in our Quarterly Statement as at 30 June 2018.

The change in methodology has an impact on the measurement of DBAG's shares in the investment entity subsidiary of DBAG Fund VI. Net income as at 31 March 2018 is lower by 1.5 million compared to the originally applied method. The change results in a different distribution in profit or loss over the periods; over the entire term of a fund, this method results in the same carried interest amount as the previously used method.

Other corrections of errors

In the first quarter of 2018/2019, it was determined that in the consolidated financial statements for 2017/2018 no longer recoverable interest claims in the co-investment vehicles of DBAG Fund VI and DBAG Fund VII were erroneously not impaired. The impairment is partially attributable to events that occurred in the financial year 2016/2017. As a consequence, the carrying amounts of the net asset values of these co-investment vehicles were reported too high in the opening statement of financial position as at 1 October 2017 and in the consolidated statement of financial position as at 30 September 2018.

This correction was taken as an opportunity to make further adjustments. On the one hand, income from fund management and advisory services has to be increased due to a clarification of contractual provisions. On the other hand, reversals of personnel provisions that were not recorded in the financial year 2016/2017 and were subsequently recognised in the financial year 2017/2018 were reflected on an accrual basis. As part of these restatements, feedback effects on earnings-related variable remuneration components of the Board of Management were also taken into consideration.

These corrections of errors were made retrospectively in accordance with IAS 8. In this context, the restatements for the financial year 2016/2017 were reflected in the opening statement of financial position as at 1 October 2017. The resulting restatement of financial assets amounts to -1,338,000 euros as at 1 October 2017 and to -4,373,000 euros as at 30 September 2018.

Adjustments to comparative figures

The restatements of the comparative figures in the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the consolidated statement of financial position as well as the changes in earnings per share are shown in the following tables:

Restatement of the consolidated statement of comprehensive income in accordance with IAS 8

for the period from 1 October 2017 to 31 March 2018

€ 000's	1 Oct 2017 to 31 Mar 2018		**1 Oct 2017 to 31 Mar 2018**
	As reported	IAS 8 – restatement	**Restated**
Net gain or loss from investment activity	20,326	-158	20,168
Fee income from fund management and advisory services	14,149	133	14,282
Net gain or loss from fund services and investment activity	**34,450**	**-25**	**34,450**
Personnel expenses	-7,572	-793	-8,365
Other operating income	1,304	0	1,304
Other operating expenses	-8,718	0	-8,718
Interest income	168	0	168
Interest expenses	-318	0	-318
Other income/expense items	**-15,136**	**-793**	**-15,929**
Earnings before tax	**19,340**	**-818**	**18,522**
Income taxes	-1		-1
Earnings after tax	**19,339**	**-818**	**18,521**
Profit (-)/loss (+) attributable to non-controlling interests	-17	0	-17
Net income	**19,322**	**-818**	**18,504**
a) Items that will not be reclassified subsequently to profit or loss			
Gains (+)/losses (-) on remeasurements of the net defined benefit liability (asset)	-352	0	-352
b) Items that will be reclassified subsequently to profit or loss			
Unrealised gains (+)/losses (-) on available-for-sale securities	-98	0	-98
Other comprehensive income	**-450**		**-450**
Total comprehensive income	**18,872**	**-818**	**18,054**
Earnings per share in euros (diluted and basic)[1]	1.28	-0.05	1.23

1 The earnings per share calculated in accordance with IAS 33 are based on net income divided by the average number of DBAG shares outstanding in the reporting period.

Restatement of the consolidated statement of cash flows in accordance with IAS 8

for the period from 1 October 2017 to 31 March 2018

INFLOWS (+) / OUTFLOWS (-)

€ 000's	1 Oct 2017 to 31 Mar 2018		**1 Oct 2017 to 31 Mar 2018**
	As reported	IAS 8 – restatement	**Restated**
Net income	19,322	-818	18,504
Measurement gains (-) / losses (+) on financial assets and loans and receivables, depreciation and amortisation of property, plant and equipment and intangible assets, gains (-)/ losses (+) on long- and short-term securities	-18,412	1,403	-17,009
Gains (-) / losses (+) from the disposal of non-current assets	-60	0	-60
Increase (-) / decrease (+) in income tax assets	-103	0	-103
Increase (-) / decrease (+) in other assets (netted)	-2,064	-203	-2,267
Increase (+) / decrease (-) in pension provisions	220	0	220
Increase (+) / decrease (-) in other provisions	-6,970	-452	-7,422
Increase (+) / decrease (-) in other liabilities (netted)	-460	70	-390
Cash flows from operating activities	**-8,527**	**0**	**-8,527**
Proceeds from disposals of property, plant and equipment and intangible assets	76	0	76
Payments for investments in property, plant and equipment and intangible assets	-261	0	-261
Proceeds from disposals of financial assets and loans and receivables	10,840	0	10,840
Purchase of investments in financial assets and loans and receivables	-42,475	0	-42,475
Proceeds from disposals of other financial instruments	35,649	0	35,649
Payments for investments in long- and short-term securities	-89,977	0	-89,977
Cash flow from investing activities	**-86,147**	**0**	**-86,147**
Payments to shareholders (dividends)	-21,062	0	-21,062
Cash flow from financing activities	**-21,062**	**0**	**-21,062**
Net change in cash and cash equivalents	-115,736	0	-115,736
Cash and cash equivalents at beginning of period	127,976	0	127,976
Cash and cash equivalents at end of period	**12,239**	**0**	**12,239**

Restatement of the consolidated statement of changes in equity in accordance with IAS 8

for the period from 1 October 2017 to 31 March 2018

€ 000's	1 Oct 2017 to 31 Mar 2018 As reported	IAS 8 – restatement	**1 Oct 2017 to 31 Mar 2018 Restated**
Subscribed capital			
At start and end of reporting period	**53,387**	**0**	**53,387**
Capital reserve			
At start and end of reporting period	**173,762**	**0**	**173,762**
Retained earnings and other reserves			
Legal reserve			
At start and end of reporting period	403	0	403
First-time adoption of IFRS			
At start and end of reporting period	16,129	0	16,129
Reserve for gains/losses on remeasurements of the net defined benefit liability (asset)			
At start of reporting period	-21,605	0	-21,605
Change in reporting period	-352	0	-352
At end of reporting period	-21,957	0	-21,957
Change in unrealised gains/losses on available-for-sale securities			
At start of reporting period	-55	0	-55
Changes recognised directly in equity during the period	-98	0	-98
Changes recognised in income during the period	0	0	0
At end of reporting period	-153	0	-153
At end of reporting period	**-5,578**	**0**	**-5,578**
Consolidated retained profit			
At start of reporting period	222,864	-8,518	214,346
Dividend	-21,062	0	-21,062
Net income	19,322	-818	18,504
At end of reporting period	**221,124**	**-9,336**	**211,788**
Total	**442,695**	**-9,336**	**433,358**

Restatement of the consolidated statement in the opening statement of financial position in accordance with IAS 8

at 1 October 2017

€ 000's	1 Oct 2017		1 Oct 2017
	As reported	IAS 8 – restatement	Restated
ASSETS			
Non-current assets			
Intangible assets	693	0	693
Property, plant and equipment	1,129	0	1,129
Investment securities	261,267	-9,775	251,492
Loans and receivables	1,338	0	1,338
Long-term securities	33,659	0	33,659
Total non-current assets	**298,086**	**-9,775**	**288,311**
Current assets			
Receivables	3,649	8	3,657
Other financial instruments	35,649	0	35,649
Claims on income tax refunds	423	0	423
Cash funds	127,976	0	127,976
Other current assets	6,624	91	6,715
Total current assets	**174,320**	**100**	**174,419**
Total assets	**472,405**	**-9,675**	**462,730**
EQUITY AND LIABILITIES			
Equity			
Subscribed capital	53,387	0	53,387
Capital reserve	173,762	0	173,762
Retained earnings and other reserves	-5,129	0	-5,129
Consolidated retained profit	222,864	-8,518	214,346
Total equity	**444,884**	**-8,518**	**436,366**
Debt			
Non-current liabilities			
Liabilities to non-controlling interests	148	0	148
Provisions for pension obligations	11,323	0	11,323
Total non-current liabilities	**11,471**	**0**	**11,471**
Current liabilities			
Other current liabilities	1,233	88	1,321
Other provisions	14,818	-1,245	13,573
Total short-term debt	**16,050**	**-1,157**	**14,893**
Total debt	**27,521**	**-1,157**	**26,364**
Total equity and liabilities	**472,405**	**-9,675**	**462,730**

Restatement of the consolidated statement of financial position in accordance with IAS 8

at 30 September 2018

€ 000's	30 Sep 2018 As reported	IAS 8 – restatement	30 Sep 2018 Restated
ASSETS			
Non-current assets			
Intangible assets	438	0	438
Property, plant and equipment	839	0	839
Investment securities	323,304	-4,373	318,931
Long-term securities	55,458	0	55,458
Total non-current assets	**380,039**	**-4,373**	**375,666**
Current assets			
Receivables	1,091	40	1,130
Short-term securities	40,000	0	40,000
Other financial instruments	32,766	0	32,766
Claims on income tax refunds	345	0	345
Cash funds	23,571	0	23,571
Other current assets	7,408	432	7,840
Total current assets	**105,181**	**472**	**105,653**
Total assets	**485,220**	**-3,901**	**481,319**
EQUITY AND LIABILITIES			
Equity			
Subscribed capital	53,387	0	53,387
Capital reserve	173,762	0	173,762
Retained earnings and other reserves	-6,331	0	-6,331
Consolidated retained profit	226,962	-3,989	222,973
Total equity	**447,779**	**-3,989**	**443,790**
Debt			
Non-current liabilities			
Liabilities to non-controlling interests	180	0	180
Provisions for pension obligations	12,209	0	12,209
Total non-current liabilities	**12,389**	**0**	**12,389**
Current liabilities			
Other current liabilities	15,773	141	15,913
Tax provisions	17	0	17
Other provisions	9,262	-52	9,209
Total short-term debt	**25,052**	**88**	**25,140**
Total debt	**37,441**	**88**	**37,529**
Total equity and liabilities	**485,220**	**-3,901**	**481,319**

4. Group of consolidated companies and consolidation methods, interests in other entities

The group of consolidated companies and interests in other entities as well as the consolidation methods and accounting policies applied are detailed on pages 120 to 126 of the 2017/2018 Annual Report.

5. Accounting policies

Fair value measurement of financial assets through profit or loss

Due to the operating activities of 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 must not be consolidated in accordance with IFRS 10; see Note 5.3 of the 2017/2018 Annual Report);
- interests in associates (interests in portfolio companies with a proportion of voting rights between 20 and 50 per cent; see Note 5.5 of the 2017/2018 Annual Report);
- other interests in portfolio companies, i. e. shares in portfolio companies with a proportion of voting rights of less than 20 per cent; see Note 5.6 of the 2017/2018 Annual Report); and
- international fund investments (see Note 5.6 of the 2017/2018 Annual Report).

The financial assets are measured initially and at all subsequent quarterly and annual reporting dates at fair value by DBAG's internal Valuation Committee. The Valuation Committee includes the members of the Board of Management, two members of the finance unit and two investment controllers.

DBAG has developed valuation guidelines for fair value measurement in accordance with IFRS 13. These guidelines are based on the recommendations set out in the International Private Equity and Venture Capital Valuation Guidelines (IPEVG)[14], insofar as these are consistent with IFRS. The valuation guidelines set out further details on IPEVG provisions, insofar as the latter are vague or compliance with IFRS so requires, in order to allow them to be applied in intersubjectively clear terms to DBAG. The IPEVG are not mandatory guidelines; rather, they summarise standard valuation practices in the private equity industry.

Fair value measurement methods on hierarchy levels 2 and 3

The fair values of hierarchy level 2 financial instruments are based on pricing information provided by third parties. Pricing is based on valuation techniques reflecting inputs observable in the market.

The following valuation methods are used to measure level 3 financial instruments:

- the sum of-the-parts procedure to calculate the net asset value of unconsolidated subsidiaries, in particular the investment entity subsidiaries (co-investment vehicles and DBG mbH),
- the multiples method for established portfolio companies, and
- the discounted cash flow (DCF) method for fast-growing portfolio companies and for international fund investments.

We refer to pages 127 to 129 of the 2017/2018 Annual Report for a detailed description of the general principles for fair value measurement.

Other accounting policies

For information on the other accounting policies, we refer to the 2017/2018 Annual Report (pages 126 to 134), with the exception of the methods changed due to the application of IFRS 9 and explained in Note 2 of the notes to these condensed consolidated financial statements.

6. Significant events and transactions

In January 2019, Unser Heimatbäcker GmbH, a company in the DBAG Fund VI portfolio, filed for insolvency under self-administration. Insolvency proceedings were initiated on 1 April 2019. The company’s negative performance was already reflected in the net asset value of the co-investment vehicle of DBAG Fund VI on previous reporting dates. This resulted in a net loss on measurement of 1.6 million euros in the first half of 2018/2019.

14 These interim consolidated financial statements are based on the IPEVG in the version dated December 2015. The version dated December 2018 is currently being analysed and is expected to be applied as from the financial year 2019/2020. DBAG does not make use of the option for early application of these guidelines.

In one company an investigation in relation to a compliance issue is currently being conducted. The company's negative performance led to a reduction of the net asset value and accordingly to a net loss on measurement.

Further events and transactions that are significant for an understanding of the changes that have taken place in the Group's financial position and performance since the end of the preceding financial year are discussed in the interim management report in the section "Review of significant events and transactions" starting on page 27.

7. Use of judgement in applying the accounting methods

Application of the accounting methods requires making judgements that can materially influence the reported amounts in the financial statements.

The amounts recognised in the financial statements are primarily influenced by the fact that, as the parent company, DBAG is deemed to have the status of an investment entity pursuant to IFRS 10.

We refer to Note 5.1 of the 2017/2018 Annual Report. Due to the status of DBAG as an investment entity, the investment entity subsidiaries continue to be not included in the consolidated financial statements as fully consolidated companies, but are instead recognised at fair value. The fair value of the investment entity subsidiaries is, in turn, significantly determined by the fair value of the portfolio companies, which were accounted for at fair value in the consolidated financial statements even before the application of IFRS 10.

The consolidation methods and accounting policies applied that were based on the other judgements are detailed in the Notes 5 to 7 of the 2017/2018 Annual Report.

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

Preparation of these interim consolidated financial statements 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 makes decisions on assumptions and estimations after careful consideration of the most recently available reliable information as well as 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 these interim consolidated financial statements. In the event that new information or changed past experience 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 in which 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 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, i.a. by means of the effects on Group equity. Accordingly, we consider an adjustment to the carrying amount in the range of three per cent of Group equity as being material. Moreover, we consider the effects on the overall presentation of the financial position and performance as well as qualitative aspects.

In particular, our financial assets are subject to estimation uncertainties and the corresponding risk, to the extent that their fair value was determined using inputs that were not mainly based on observable market data (hierarchy level 3, see Note 15.2).

Fair values at level 3 are contained in "Financial assets" in the amount of 355,514,000 euros (30 September 2018, restated: 318,931,000 euros) (see Note 15.2). They concern those financial assets that are valued using the sum-of-the-parts procedure. The investments included therein are largely valued using the multiples method. The extent of possible effects in the event of an adjustment of assumptions and estimations cannot be quantified. However, should the underlying multiples change by +/-1, this would result *ceteris paribus* in an adjustment in the fair values recognised in the interim consolidated financial statements of +/-24,829,000 euros (30 September 2018: 20,842,000 euros). This equates to six per cent (30 September 2018: five per cent) of Group equity.

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

9. Net gain or loss from investment activity

€ 000's	1st half-year 2018/2019	1st half-year 2017/2018 Restated[1]
Interests in investment entity subsidiaries	8,851	18,777
Interests in portfolio companies	543	117
International fund investments	143	1,275
Other financial assets	2	-1
	9,539	20,168

1 Restated in accordance with IAS 8 (see Note 3)

The investment entity subsidiaries constitute subsidiaries of DBAG through which DBAG co-invests in DBAG funds (see 2017/2018 Annual Report, Note 5.3) as well as DBG mbH. These subsidiaries are no longer permitted to be consolidated based on IFRS 10; instead, they are to be recognised at fair value through profit or loss. The significant assets of these investment entity subsidiaries are interests in and receivables from portfolio companies.

The net gain or loss from interests in investment entity subsidiaries includes the change in the fair values of interests in portfolio companies held via these vehicles, after deduction of carried interest in the case of the co-investment vehicles of DBAG Fund V, DBAG ECF and DBAG Fund VI. In addition, this item includes the net returns from the disposal or partial disposal and the recapitalisation of portfolio companies, as well as interest income and dividend income from investments.

Directly held interests in portfolio companies encompass DBAG investments entered into prior to the launch of DBAG Fund V. The net gain or loss is based on the net gain or loss on measurement and on derecognition and the current income for distributions and interest on loans and variable capital accounts.

The international fund investment was entered into in April 2001 to achieve a stronger geographical diversification of financial assets. The related fund is not managed by DBAG.

The other financial assets include subsidiaries that do not provide investment-related services as well as interests in associates (see Notes 5.4 and 5.5 in the 2017/2018 Annual Report).

For further information on the net gain or loss from investment activity, we refer to the interim management report (see pages 18 et seq.).

10. Fee income from fund management and advisory services

€ 000's	1st half-year 2018/2019	1st half-year 2017/2018 Restated[1]
DBAG Fund V	152	380
DBAG ECF	902	777
DBAG Fund VI	4,462	4,860
DBAG Fund VII	8,212	8,211
Other	64	53
	13,791	**14,282**

1 Restated in accordance with IAS 8 (see Note 3)

Management and advisory fee income result from management and fund advisory services for the DBAG funds (see 2017/2018 Annual Report, Note 1 and Note 39).

Income from DBAG Fund V declined year-on-year, given that fees have no longer been paid since February 2019, after the end of the Fund's agreed term.

Income from DBAG Fund VI was lower than in the previous year, due to a lower assessment basis for calculating fees, following the disposal of the Cleanpart investment and the insolvency of investee Unser Heimatbäcker.

Income from DBAG ECF includes transaction-related remuneration for investments carried out.

11. Investment securities

€ 000's	31 Mar 2019	30 Sep 2018
		Restated[1]
Interests in investment entity subsidiaries	349,955	313,726
Interests in portfolio companies	5,036	4,828
International fund investments	446	303
Other financial assets	76	75
	355,514	**318,931**

1 Restated in accordance with IAS 8 (see Note 3)

Financial assets are measured at fair value through profit or loss (see Note 5).

This item exhibited the following movements in the reporting period:

€ 000's	1 Oct 2018	Additions	Disposals	Changes in value	31 Mar 2019
Interests in investment entity subsidiaries	313,726	55,147	6,280	-12,638	349,955
Interests in portfolio companies	4,828	0	272	481	5,036
International fund investments	303	0	0	143	446
Other financial assets	75	0	0	2	76
	318,931	**55,147**	**6,552**	**-12,013**	**355,514**

1 Restated in accordance with IAS 8 (see Note 3)

Additions of interests in investment entity subsidiaries refer to capital calls for investments in equity interests and for management fees (see interim management report, pages 26 and 41 et seq.).

Disposals of interests in investment entity subsidiaries result from distributions due to the divestment of portfolio companies as well as the repayment of shareholder loans or short-term interim financing granted to portfolio companies.

The disposals of interests in portfolio companies refer to an investment that was liquidated.

The changes in fair value are recorded under the item "Net gain or loss from investment activity" in the consolidated statement of comprehensive income (see Note 9).

For further information on financial assets, we refer to the interim management report (see pages 36 et seq.).

12. Securities

Securities held as at 31 March 2019 were exclusively acquired as investments of cash and cash equivalents not immediately required.

Classification of securities by term:

€ 000's	31 Mar 2019	30 Sep 2018
Long-term securities	0	55,458
Short-term securities	47,429	40,000
	47,429	**95,458**

Classification of securities by type:

€ 000's	31 Mar 2019	30 Sep 2018
Money-market funds	26,055	34,234
Fixed-income funds	21,373	28,102
Fixed-income securities	0	33,122
	47,429	**95,458**

Money-market and fixed-income funds (collectively referred to as "retail funds") have been allocated to the category "Measured at fair value through profit or loss" since the beginning of the financial year (see Note 3).

Fixed-rate securities have been allocated to the category "Measured at fair value through other comprehensive income" since the beginning of the financial year (see Note 3).

The change compared to 30 September 2018 is largely due to the disposal of fixed-rate securities to finance capital calls.

The fixed-income funds include corporate bonds with issuer ratings that are predominantly investment grade. Due to the considerable diversification of the bonds and the credit rating of the issuers, the credit risk associated with the fund units is low.

The change in the fair value of the retail funds in the amount of 200,000 euros as at 31 March 2019 (30 September 2018: in other comprehensive income: -36,000 euros) has been recognised in the consolidated statement of profit or loss in net other income/expense since the beginning of the financial year.

13. Other financial instruments

€ 000's	31 Mar 2019	30 Sep 2018
Loans granted to affiliated companies	22,275	32,766
	22,275	**32,766**

Loans granted to affiliated companies refer to short-term loans that DBAG granted to the DBAG Fund VII Group companies as part of the structuring of the investment in new portfolio companies.

14. Other financial commitments, contingent liabilities and trusteeships

OTHER FINANCIAL COMMITMENTS consist of call commitments and permanent debt obligations in the following nominal amounts:

€ 000's	31 Mar 2019	30 Sep 2018
Call commitments	1,197	1,169
Permanent debt obligations	2,413	2,974
	3,610	**4,143**

Possible call commitments relate to the international fund that may draw down additional funding for investments and costs, as well as contractually agreed potential investments in a portfolio company of DBAG ECF.

There were no **CONTINGENT LIABILITIES** as at 31 March 2019.

TRUST ASSETS amounted to 11,677,000 euros as at 31 March 2019 (30 September 2018: 12,340,000 euros). Of that amount, 5,423,000 euros (30 September 2018: 6,096,000 euros) is attributable to the management of trust accounts for purchase price settlements and 6,249,000 euros (30 September 2018: 6,239,000 euros) is attributable to interests in two portfolio companies that are held by Group companies for two managed funds. Trust liabilities exist in the same amount. DBAG does not generate any income from trustee activities.

Other disclosures

15. Financial instruments

Key items in the statement of financial position of DBAG containing financial instruments (financial assets and long- and short-term securities) are carried completely at fair value. Financial assets carried at amortised cost (receivables, cash and cash equivalents and other current assets) are fully recognised in current assets. Their term is less than one year. For these instruments, we assume that the carrying amount reflects their fair value. Other financial liabilities are measured at amortised cost. These refer to limited partner contributions. Their fair value corresponds to their carrying amount.

15.1 Classes of financial instruments

Classes of financial instruments according to IFRS 7 are designated in DBAG in accordance with the categories defined in IFRS 9. As already explained, their fair values always correspond to their carrying amounts:

CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (IFRS 9)

€ 000's	Carrying amount (31 Mar 2019)	Fair value 31 Mar 2019
Financial assets measured at fair value through profit or loss		
Financial assets	355,514	355,514
thereof hybrid financial instruments	0	0
thereof primary financial instruments	355,514	355,514
Other financial instruments	22,275	22,275
Securities		
Money-market funds	26,055	26,055
Fixed-income funds	21,373	21,373
	425,218	**425,218**
Financial assets at amortised cost		
Receivables	803	803
Cash funds	16,939	16,939
Other current assets, if financial instruments[1]	5,977	5,977
	23,719	**23,719**
Other financial liabilities		
Liabilities to non-controlling interests	180	180

1 Excluding prepaid expenses, value-added tax and other items in the amount of 810,000 euros

CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (IAS 39)

€ 000's	Carrying amount (30 Sep 2018)	Fair value 31 Mar 2019
	Restated[1]	Restated[1]
Financial assets measured at fair value through profit or loss		
Financial assets	318,931	318,931
thereof hybrid financial instruments	0	0
thereof primary financial instruments	318,931	318,931
	318,931	**318,931**
Available-for-sale financial assets		
Long-term securities	55,458	55,458
Short-term securities	40,000	40,000
	95,458	**95,458**
Loans and receivables		
Receivables	1,130	1,130
Other financial instruments	32,766	32,766
Cash funds	23,571	23,571
Other current assets, if financial instruments[2]	7,449	7,449
	64,917	**64,917**
Other financial liabilities		
Liabilities to non-controlling interests	180	180

1 Restated in accordance with IAS 8 (see Note 3)
2 Excluding prepaid expenses, value-added tax and other items in the amount of 391,000 euros

The financial assets that are measured at fair value through profit or loss comprise financial instruments that were allocated to the investment business upon the transition to IFRS 9, as well as those whose cash flows do not solely consist of payment of principal and interest.

No financial assets measured at fair value through other comprehensive income existed as at 31 March 2019.

The financial assets measured at amortised cost mainly include receivables from the DBAG funds as well as a purchase price receivable. Save for one receivable, they are all of good credit quality and are largely unsecured.

Until 30 September 2018, impairments were only recognised when there was objective evidence that the obligors would not be able to meet their payment obligations in the future. Accordingly, only one receivable in the amount of 41,000 euros was fully impaired in the financial year 2017/2018.

Since 1 October 2018, loss allowance for potential future impairments is already recorded upon the addition of an asset. As at 31 March 2019, the loss allowance for financial assets measured at amortised cost amounted to 58,000 euros (1 October 2018: 63,000 euros, see Note 2).

15.2 Disclosures on hierarchy of financial instruments

Financial instruments measured at fair value are allocated to the following three levels in accordance with IFRS 13:

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

The **FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING BASIS** can be classified as follows:

MEASUREMENT HIERARCHY FOR FINANCIAL ASSETS MEASURED AT FAIR VALUE (IFRS 9)

€ 000's	Fair value 31 Mar 2019	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss				
Financial assets	355,514	0	0	355,514
Other financial instruments	22,275	0	0	22,275
Securities				
Money-market funds	26,055	0	26,055	0
Fixed-income funds	21,373	0	21,373	0
	425,218	**0**	**47,429**	**377,789**

MEASUREMENT HIERARCHY FOR FINANCIAL ASSETS MEASURED AT FAIR VALUE (IAS 39)

€ 000's	Fair value 30 Sep 2018	Level 1	Level 2	Level 3
	Restated[1]			
Financial assets measured at fair value through profit or loss				
Financial assets	318,931	0	0	318,931
	318,931	**0**	**0**	**318,931**
Available-for-sale financial assets				
Long-term securities	55,458	0	55,458	0
Short-term securities	40,000	0	40,000	0
	95,458	**0**	**95,458**	**0**
	414,389	**0**	**95,458**	**318,931**

1 Restated in accordance with IAS 8 (see Note 3)

Level 2 securities relate to fund assets with the highest credit ratings, the liquidity of which is limited due to their trading in the secondary market. Bonds of domestic issuers still held as at 30 September 2018 were sold in the first half of 2018/2019.

In the first half of 2018/2019, there were no assets or liabilities that were not measured at fair value on a recurring basis.

The valuation categories in accordance with IFRS 9 have been defined as classes in accordance with IFRS 13 for Level 1 and 2 financial instruments in the DBAG Group.

Level 3 financial instruments are allocated to the following **CLASSES**:

CLASSIFICATION OF LEVEL 3 FINANCIAL INSTRUMENTS

€ 000's	Interests in investment entity subsidiaries	Interests in portfolio companies	International fund investments	Other	Total
31 Mar 2019					
Financial assets	349,955	5,036	446	76	355,514
Other financial instruments	22,275	0	0	0	22,275
	372,230	**5,036**	**446**	**76**	**377,789**
30 Sep 2018					
Restated[1]					
Financial assets	313,726	4,828	303	75	318,931
	313,726	**4,828**	**303**	**75**	**318,931**

1 Restated in accordance with IAS 8 (see Note 3)

The following tables show the changes in Level 3 financial instruments in the first half of 2018/2019 and in the previous year, respectively:

CHANGES IN LEVEL 3 FINANCIAL INSTRUMENTS

€ 000's	1 Oct 2018	Additions	Disposals	Changes in value	31 Mar 2019
Financial assets					
Interests in investment entity subsidiaries	313,726	55,147	6,280	-12,638	349,955
Interests in portfolio companies	4,828	0	272	481	5,036
International fund investments	303	0	0	143	446
Other	75	0	0	2	76
	318,931	**55,147**	**6,552**	**-12,013**	**355,514**

CHANGES IN LEVEL 3 FINANCIAL INSTRUMENTS

€ 000's	1 Oct 2017	Additions	Disposals	Changes in value	30 Sep 2018
	Restated[1]			Restated[1]	Restated[1]
Financial assets					
Interests in investment entity subsidiaries	245,142	73,502	23,230	18,313	313,726
Interests in portfolio companies	4,948	21	0	-141	4,828
International fund investments	974	0	895	225	303
Other	77	0	0	-2	75
	251,140	**73,523**	**24,126**	**18,394**	**318,931**

1 Restated in accordance with IAS 8 (see Note 3)

The loss in the amount of 12,013,000 euros (previous year: gain in the amount of 18,394,000 euros) is recognised in the net gain or loss from investment activity.

In both the first half of 2018/2019 and in the previous year, there were no transfers between levels.

The possible **RANGES FOR UNOBSERVABLE INPUTS** regarding Level 3 financial instruments are as follows:

RANGES FOR UNOBSERVABLE INPUTS

€ 000's	Fair value 31 Mar 2019	Valuation technique	Unobservable input	Range
Financial assets				
Interests in investment entity subsidiaries	349,955	Net asset value[1]	Average EBITDA/EBITA margin	2% to 43%
			Net debt[2] to EBITDA	-1.3 to 6.6
			Multiples discount	0% to 20%
Interests in portfolio companies	5,036	Multiples method	Average EBITDA/EBITA margin	7%
			Net debt[2] to EBITDA	1.6
			Multiples discount	0%
International fund investments	446	DCF	n/a	n/a
Other	76	Net asset value	n/a	n/a
	355,514			

1 The net asset value is determined using the sum-of-the-parts procedure. If the multiples method is used for the investments included therein, the same unobservable inputs are used as those for calculating the fair value of interests in portfolio companies (see comments in the 2017/2018 Annual Report in Note 7).
2 Net debt of portfolio company

RANGES FOR UNOBSERVABLE INPUTS

€ 000's	Fair value 30 Sep 2018	Valuation technique	Unobservable input	Range
	Restated[3]			
Financial assets				
Interests in investment entity subsidiaries	313,726	Net asset value[1]	Average EBITDA/EBITA margin	2% to 35%
			Net debt[2] to EBITDA	-3.4 to 6
			Multiples discount	0% to 20%
Interests in portfolio companies	4,828	Multiples method	Average EBITDA/EBITA margin	7%
			Net debt[2] to EBITDA	2.5
			Multiples discount	0%
International fund investments	303	DCF	n/a	n/a
Other	75	Net asset value	n/a	n/a
	318,931			

1 See footnote 1 in the preceding table
2 See footnote 2 in the preceding table
3 Restated in accordance with IAS 8 (see Note 3)

In our view, the **CHANGE IN UNOBSERVABLE INPUTS** used for calculating the fair value of Level 3 financial instruments has the following effects on measurement amounts:

RANGES OF UNOBSERVABLE INPUTS

€ 000's	Fair value 31 Mar 2019	Change in unobservable inputs		Change in fair value
Financial assets[1]				
Interests in investment entity subsidiaries	349,955	EBITDA and EBITA	+/- 10%	32,742
		Net debt	+/- 10%	11,334
		Multiples discount	+/- 5 percentage points	3,175
Interests in portfolio companies	5,036	EBITDA and EBITA	+/- 10%	1,811
		Net debt	+/- 10%	482
		Multiples discount	+/- 5 percentage points	0
International fund investments	446		n/a	n/a
Other	76		n/a	n/a
	355,514			

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 insofar as these were measured at their transaction price as at the valuation date, in accordance with the IPEVG.

RANGES OF UNOBSERVABLE INPUTS

€ 000's	Fair value 30 Sep 2018	Change in unobservable inputs		Change in fair value
	Restated[2]			
Financial assets[1]				
Interests in investment entity subsidiaries	313,726	EBITDA and EBITA	+/- 10%	22,450
		Net debt	+/- 10%	5,566
		Multiples discount	+/- 5 percentage points	1,145
Interests in portfolio companies	4,828	EBITDA and EBITA	+/- 10%	1,978
		Net debt	+/- 10%	777
		Multiples discount	+/- 5 percentage points	0
International fund investments	303		n/a	n/a
Other	75		n/a	n/a
	318,931			

1 See footnote 1 in the preceding table
2 Restated in accordance with IAS 8 (see Note 3)

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 a correlation 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.

15.3 Net gain or loss on financial instruments recognised in the statement of financial position

The net gain or loss of financial instruments measured at fair value comprise fair value changes recognised through profit or loss, realised gains or losses from the disposal of financial instruments as well as exchange rate changes.

The following **NET GAINS OR LOSSES ON FINANCIAL ASSETS RECOGNISED AT FAIR VALUE** are included in the statement of comprehensive income:

NET GAIN OR LOSS FROM FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

€ 000's	1st half-year 2018/2019	Level 1	Level 2	Level 3	1st half-year 2017/2018	Level 1	Level 2	Level 3
					Restated[1]			
Net gain or loss from investment activity	9,539	0	0	9,539	20,168	0	0	20,168
Other operating income	529	0	0	529	0	0	0	0
Other operating expenses	0	0	0	0	0	0	0	0
	10,067	**0**	**0**	**10,067**	**20,168**	**0**	**0**	**20,168**

1 Restated in accordance with IAS 8 (see Note 3)

NET GAIN OR LOSS FROM FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME[1]

€ 000's	1st half-year 2018/2019	Level 1	Level 2	Level 3	1st half-year 2017/2018	Level 1	Level 2	Level 3
Other operating income	159	0	159	0	0	0	0	0
Other operating expenses	-178	0	-178	0	0	0	0	0
Other income/expense items	**-19**	**0**	**-19**	**0**	**0**	**0**	**0**	**0**
Unrealised gains (+)/losses (-) on available-for-sale securities	0	0	0	0	-98	0	-98	0
Result from valuation and disposals	**0**	**0**	**0**	**0**	**-98**	**0**	**-98**	**0**
Interest income	**199**	**0**	**199**	**0**	**-10**	**0**	**-10**	**0**

1 In the first half of 2017/2018: Net gain or loss from available-for-sale financial assets

In the first half of 2018/2019, all securities that were measured at fair value through other comprehensive income were sold. This resulted in a realised net loss of -19,000 euros in the first half of 2018/2019.

16. Issuance, repurchase and repayment of equity instruments and debt instruments

Equity or debt instruments were neither issued, nor repurchased or repaid by Deutsche Beteiligungs AG in the first six months of 2018/2019.

17. Disclosures on segment reporting

The business policy of Deutsche Beteiligungs AG is geared towards augmenting the 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 co-investor alongside DBAG funds, either as majority investments by way of management buyouts (MBOs) or minority investments aimed at financing growth.

In order to be able to separately manage the two described business lines of DBAG, the internal reporting system calculates an operating result (segment result) for each of the business lines of investments and fund management and advisory services. For that reason, the business lines "Private Equity Investments" and "Fund Advisory Services" are presented as reportable segments.

Segment analysis for the first half-year 2018/2019:

SEGMENT REPORTING FROM 1 OCTOBER 2018 TO 31 MARCH 2019

€ 000's	Private Equity Investments	Fund Investment Services	Group reconciliation[1]	Group 1st half-year 2018/2019
Net gain or loss from investment activity	9,539	0	0	9,539
Fee income from fund management and advisory services	0	14,324	-533	13,791
Net gain or loss from fund services and investment activity	**9,539**	**14,324**	**-533**	**23,330**
Other income/expense items	-3,750	-12,503	533	-15,720
Earnings before tax (segment result)	**5,788**	**1,821**	**0**	**7,609**
Income taxes				0
Earnings after tax				**7,609**
Profit (-)/loss (+) attributable to non-controlling interests				-5
Net income				**7,604**
Financial assets and loans and receivables	355,514			
Other financial instruments	22,275			
Financial resources[2]	64,368			
Net asset value	**442,157**			
Assets under management or advisory[3]		**1,675,243**		

1 A synthetic internal administration fee is calculated for the Investment segment and taken into account when determining segment result. The fee is based on DBAG's co-investment interest.
2 The financial resources are used by DBAG for investments in financial assets and loans and receivables. They contain the line items "Cash and cash equivalents", "Long-term securities" and "Short-term securities".
3 Assets under management or advisory 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.

SEGMENT REPORTING FROM 1 OCTOBER 2017 TO 31 MARCH 2018 AND AS AT 30 SEPTEMBER 2018

€ 000's	Private Equity Investments	Fund Investment Services	Group reconciliation[1]	Group 1st half-year 2017/2018
				Restated[4]
Net gain or loss from investment activity	20,168	0	0	20,168
Fee income from fund management and advisory services	0	14,663	-381	14,282
Net gain or loss from fund services and investment activity	**20,168**	**14,663**	**-381**	**34,450**
Other income/expense items	-3,848	-12,461	381	-15,929
Earnings before tax (segment result)	**16,320**	**2,202**	**0**	**18,522**
Income taxes				-1
Earnings after tax				**18,521**
Profit (-)/loss (+) attributable to non-controlling interests				-17
Net income				**18,504**
Financial assets and loans and receivables	318,931			
Other financial instruments	32,766			
Financial resources[2]	119,029			
Net asset value	**470,727**			
Assets under management or advisory[3]		**1,831,378**		

1 See footnote 1 in the preceding table
2 See footnote 2 in the preceding table
3 See footnote 3 in the preceding table
4 Restated in accordance with IAS 8 (see Note 3)

18. Related party transactions

As at 31 March 2019, the members of the Board of Management continued to hold the following number 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 held 1,000 shares in Deutsche Beteiligungs AG.

Loans advanced to key management personnel totalled 95,000 euros (30 September 2018: 95,000 euros). DBAG received interest on these loans in the amount of 2,000 euros in the first half of the financial year 2018/2019. Receivables from members of the Board of Management as at 31 March 2019 in the amount of 52,000 euros referred to the repayment of bonuses to Board members for the financial year 2016/2017; receivables were settled in April. No loans were granted.

Current and former key management personnel have committed to investing in DBAG Fund IV, DBAG Fund V, DBAG Fund VI, DBAG Fund VII and DBAG Expansion Capital Fund. For those participating, this can result in a profit share that is disproportionate to their capital commitment ("carried interest") after the fund has fulfilled certain conditions overall. This is the case if Deutsche Beteiligungs AG Group and the investors in the respective DBAG fund have realised their invested capital, plus a preferred return of 8.0 per cent per annum ("full repayment"). Carried interest of not more than 20 per cent is paid out once net proceeds on disposal are generated and full repayment has been achieved; the remaining 80 per cent (net sales proceeds) is paid to the investors in the relevant DBAG fund and to DBAG. The structure of the carried interest schemes, their implementation and performance conditions are in conformity with common practice in the private equity industry and constitute a prerequisite for the placement of DBAG funds. For the individuals participating, their partnership status constitutes a privately assumed investment risk; the aim is to promote the staff's initiative and dedication to the success of the investment.

In the first half of the financial year 2018/2019, the current and former key management personnel involved did not make any investments, nor did they receive any repayments attributable to them from the investment activities of **DBAG FUND IV**:

	Investments during the financial year		Cumulative investments as at the reporting date		Repayments during the financial year	
€ 000's	Board of Management	Senior management	Board of Management	Senior management	Board of Management	Senior management
Period from 1 Oct 2018 to 31 Mar 2019						
DBG Advisors IV GmbH & Co. KG	0	0	430	0	0	0
DBG Advisors Kommanditaktionär GmbH & Co. KG	0	0	84	0	0	0
DBG Investment Team GmbH & Co. KG	0	0	325	740	0	0
Total 1st half-year 2018/2019	**0**	**0**	**839**	**740**	**0**	**0**
Period from 1 Oct 2017 to 31 Mar 2018						
DBG Advisors IV GmbH & Co. KG	0	0	430	0	131	0
DBG Advisors Kommanditaktionär GmbH & Co. KG	0	0	84	0	0	0
DBG Investment Team GmbH & Co. KG	0	0	325	740	85	184
Total 1st half-year 2017/2018	**0**	**0**	**839**	**740**	**216**	**184**

In the first half of the financial year 2018/2019, the current and former key management personnel involved did not make any investments, nor did they receive any repayments attributable to them from the investment activities of, **DBAG FUND V**; 19 per cent is attributable to the co-investment vehicle of DBAG (DBAG Fund V Konzern GmbH & Co. KG) in each case:

€ 000's	Investments during the financial year		Cumulative investments as at the reporting date		Repayments during the financial year	
	Board of Management	Senior management	Board of Management	Senior management	Board of Management	Senior management
Period from 1 Oct 2018 to 31 Mar 2019						
DBG Advisors V GmbH & Co. KG	**0**	**0**	**3,464**	**2,568**	**0**	**0**
Period from 1 Oct 2017 to 31 Mar 2018						
DBG Advisors V GmbH & Co. KG	**0**	**0**	**3,446**	**2,554**	**1,988**	**1,517**

In the first half of the financial year 2018/2019, the current and former key management personnel involved made the following investments, and/or received the following repayments attributable to them from the investment activities of **DBAG EXPANSION CAPITAL FUND**. 47 per cent is attributable to the co-investment vehicle of DBAG (DBAG Expansion Capital Fund Konzern GmbH & Co. KG) for DBAG ECF as well as 41 per cent for DBAG ECF I and II in each case, depending on the relevant investment period:

€ 000's	Investments during the financial year		Cumulative investments as at the reporting date		Repayments during the financial year	
	Board of Management	Senior management	Board of Management	Senior management	Board of Management	Senior management
Period from 1 Oct 2018 to 31 Mar 2019						
DBG Advisors Expansion GmbH & Co. KG	8	33	342	1,283	1	4
DBG Advisors Expansion FNV GmbH & Co. KG	44	28	394	257	0	0
DBG Team Expansion FNV GmbH & Co. KG	0	0	0	0	0	0
DBG Advisors Expansion SNV GmbH & Co. KG	47	254	170	254	0	0
DBG Team Expansion SNV GmbH & Co. KG	0	0	0	0	0	0
Total 1st half-year 2018/2019	**99**	**315**	**906**	**1,794**	**1**	**4**
Period from 1 Oct 2017 to 31 Mar 2018						
DBG Advisors Expansion GmbH & Co. KG	13	53	334	1,250	0	0
DBG Advisors Expansion FNV GmbH & Co. KG	0	0	0	0	0	0
DBG Team Expansion FNV GmbH & Co. KG	148	97	148	97	0	0
Total 1st half-year 2017/2018	**161**	**150**	**482**	**1,347**	**0**	**0**

In the first half of the financial year 2018/2019, the current and former key management personnel involved made investments, and/or received the following repayments attributable to them from the investment activities of, **DBAG FUND V**; 19 per cent is attributable to the co-investment vehicle of DBAG (DBAG Fund VI Konzern (Guernsey) L.P.) in each case:

€ 000's	Investments during the financial year		Cumulative investments as at the reporting date		Repayments during the financial year	
	Board of Management	Senior management	Board of Management	Senior management	Board of Management	Senior management
Period from 1 Oct 2018 to 31 Mar 2019						
DBG Advisors VI & Co. KG	**62**	**123**	**3,049**	**4,660**	**446**	**731**
Period from 1 Oct 2017 to 31 Mar 2018						
DBG Advisors VI & Co. KG	**49**	**92**	**2,931**	**4,427**	**156**	**253**

In the first half of the financial year 2018/2019, the current and former key management personnel involved made investments, and/or received the following repayments attributable to them from the investment activities of, **DBAG FUND VII**; a total of 23 per cent is attributable to the co-investment vehicle of DBAG (DBAG Fund VII Konzern SCSp and DBAG Fund VII B Konzern SCSp):

	Investments during the financial year		Cumulative investments as at the reporting date		Repayments during the financial year	
€ 000's	Board of Management	Senior management	Board of Management	Senior management	Board of Management	Senior management
Period from 1 Oct 2018 to 31 Mar 2019						
DBG Advisors VII GmbH & Co. KG	0	0	21	25	0	0
DBG Team VII GmbH & Co. KG	785	612	2,355	1,985	0	0
Total 1st half-year 2018/2019	**785**	**612**	**2,376**	**2,010**	**0**	**0**
Period from 1 Oct 2017 to 31 Mar 2018						
DBG Advisors VII GmbH & Co. KG	13	25	21	25	0	0
DBG Team VII GmbH & Co. KG	0	0	1,048	930	0	0
Total 1st half-year 2017/2018	**13**	**25**	**1,069**	**955**	**0**	**0**

Apart from these, there were no other related-party transactions in the first six months of the financial year 2018/2019 materially affecting the Group's financial position and performance in this period. We refer to pages 163 et seq. of the 2017/2018 Annual Report for detailed information on transaction with related parties.

19. Changes in the composition of the Group

There were no changes in the composition of the Deutsche Beteiligungs AG Group compared with the status as at 30 September 2018.

20. Events after the reporting date

DBAG, together with DBAG Fund VII, will invest in Cloudflight, an IT services provider focusing on digitalisation and cloud-based transformation. For this purpose, the fund will acquire majority stakes in Austria's Catalysts GmbH and in Crisp Research AG, within the scope of an MBO. Going forward, these two companies will be trading as Cloudflight – a group of companies which will support SMEs, public-sector authorities and corporate groups in implementing and accelerating their digital transformation. The transaction was agreed in April; consummation is subject to approval by the competent antitrust authorities; closing is expected for June 2019.

One portfolio company of DBAG ECF (BTV Multimedia GmbH) and two portfolio companies of DBAG Fund VI (duagon and Telio) completed company acquisitions in April.

BTV Multimedia GmbH has completed the acquisition of DKT A/S. This manufacturer of broadband network equipment, with a market presence in Denmark and the adjacent European markets, represents the company's second company acquisition.

The portfolio company duagon agreed the acquisition of OEM Technology Solutions, a provider of communication and management solutions for railway vehicles based in Sydney, Australia. duagon wants to further strengthen its market position with this acquisition. The company is financing the acquisition without any further equity investment by the DGAG fund.

Telio concluded the acquisition of a company complementing its product portfolio. For this purpose, DBAG Fund VI made an additional equity investment.

ADDITIONAL INFORMATION

Responsibility statement

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

Frankfurt/Main, 8 May 2019

The Board of Management

Torsten Grede	Dr Rolf Scheffels	Susanne Zeidler

Review certificate

We have reviewed the condensed interim consolidated financial statements of Deutsche Beteiligungs AG, Frankfurt/Main – 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 group management report of Deutsche Beteiligungs AG, for the period from 1 October 2018 to 31 March 2019 that are part of the half-yearly financial report according to section 115 WpHG [”Wertpapierhandelsgesetz“: ”German Securities Trading Act“]. Information contained in the interim management report which refers to other periods than the period from 1 October 2018 to 31 March 2019, or corresponding comparative figures (quarterly results) were outside the scope of our review, and have been marked accordingly in the half-yearly financial report.

The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group 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 condensed consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group 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 condensed 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 group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. Our audit opinion does not extend to quarterly information provided in the interim management report.

Frankfurt/Main, 9 May 2019

BDO AG
Wirtschaftsprüfungsgesellschaft

Dr Freiberg	Gebhardt
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Portfolio Companies

Company	Revenues 2018 *(€mn)*	Employees	Core business
BTV Multimedia GmbH Hanover, Germany	50	90	Equipment and services for broadband communications
Dieter Braun GmbH Bayreuth, Germany	87	1,500	Cable systems and interior vehicle lighting
DNS:Net Internet Service GmbH Berlin, Germany	18	155	Telecommunications and IT services
duagon Holding AG Dietikon, Switzerland	103	400	Network components for rail vehicles
FLS GmbH Heikendorf, Germany	10	70	Real-time scheduling and route optimisation software
Frimo Group GmbH Lotte, Germany	201	1,400	Tools and plants for the automotive industry
Gienanth Group GmbH Eisenberg, Deutschland	175	1,100	Machine- and hand-moulded castings for the automotive supply industry, production of large engine blocks
Heytex Bramsche GmbH Bramsche, Germany	105	500	Manufacturer of technical textiles
inexio Informationstechnologie und Telekommunikation KgaA Saarlouis, Germany	78	260	Telecommunications and IT services
Infiana Group GmbH Forchheim, Germany	227	800	Specialised films
JCK Holding GmbH Textil KG Quakenbrück, Germany	800	1,531	Marketer of textiles and seller of merchandise
Karl Eugen Fischer GmbH Burgkunstadt, Germany	88	551	Mechanical engineering for the tyre industry
Kraft & Bauer Holding GmbH Holzgerlingen, Germany	30	80	Fire extinguishing systems for tooling machines
mageba AG Bülach, Switzerland	113	800	Products and services for the infrastructure and building construction sectors
More than Meals Europe S.à r.l. Luxembourg	524	3,250	Chilled ready meals and snacks
netzkontor nord GmbH Flensburg, Germany	17	260	Services for the telecommunications sector
Novopress KG Neuss, Germany	n/a	113	Tool systems for the sanitary, electrotechnical and construction industries
Oechsler AG Ansbach, Germany	425	3,282	Plastics engineering for industries of the future
Pfaudler International S.à r.l. Luxembourg	333	1,400	Mechanical engineering for the processing industry
Polytech Health & Aesthetics GmbH Dieburg, Germany	42	180	High-quality silicon implants
Rheinhold & Mahla GmbH Hamburg, Germany	116	501	Interior outfitting for ships and marine installations
Sero GmbH Rohrbach, Deutschland	85	270	Development and manufacturing service provider for electronic components
Silbitz Group GmbH Silbitz, Germany	168	1,052	Hand-moulded and automated moulded castings with a steel and iron basis
Sjølund A/S Sjølund, Denmark	248	200	Bent aluminium and steel components

Telio Management GmbH Hamburg, Germany	51	144	Communications and media systems for correctional facilities
vitronet Projekte GmbH Essen, Germany	64	230	Construction of fibre-optic networks
von Poll Immobilien GmbH Frankfurt/Main, Germany	91	120	Estate agency

Investments in international buyout funds managed by third parties

DBG Eastern Europe II	In the disinvestment phase since 2010; the portfolio contains just one from originally ten investments
Harvest Partners IV	In the disinvestment phase since 2007; the portfolio contains just one from originally nine investments

Investments not yet completed as at 31 March

Radiology group Unna, Germany	75	550	Radiology services and treatment

Revenues 2018: in some cases still provisional, some companies have a financial year that deviates from the calendar year
duagon Holding AG, mageba AG: figures in CHF; Pfaudler International S.à r.l.: figures in USD; Sjølund A/S: figures in DKK

Forward-looking statements

This half-yearly financial report contains statements related to the future prospects and progress of Deutsche Beteiligungs AG. These statements reflect the current views of the management of Deutsche Beteiligungs AG, and are based on relevant plans, estimates and expectations. Please note that the statements are subject to certain risks and uncertainty factors which may mean that the actual results vary materially. Although we believe these forward-looking statements to be realistic, there can be no guarantees that the contents of these statements will come to fruition.

Disclaimer

The figures in this half-yearly financial statement are generally presented in thousands or millions of euros. Rounding differences may occur between the amounts presented and their actual value, but these are of an insignificant nature.

The half-yearly financial statement is published in English and German. The German version of this report shall be authorative.

Version dated: 13 May 2019

Registered office: Frankfurt/Main
Entered in the commercial register of the Frankfurt/Main Local Court,
under commercial register number B 52 491

Financial calendar

14 MAY 2019
Publication of the 2018/2019 half-yearly financial report,
Analysts' conference call

20 MAY 2019
Capital Markets Day, Frankfurt/Main

3 JUNE 2019
Roadshow, London

6 JUNE 2019
LPeC Annual Investor Conference, London

12 JUNE 2019
DSW Shareholders Forum, Munich

27 JUNE 2019
Listed Private Capital Day, Zurich

8 AUGUST 2019
Publication of the quarterly statement on the
third quarter of 2018/2019
Analysts' conference call

3 SEPTEMBER 2019
SRC Research Forum Financials & Real Estate 2019
(capital markets conference), Frankfurt/Main

DEAR SHAREHOLDERS,

Are you interested in receiving regular information on Deutsche Beteiligungs AG? We would be happy to add you to our electronic mailing list. If you wish to be included, simply complete this form and send it back to us by post, via fax or by e-mail. You will find our contact details at the bottom of this page. Detailed information regarding data protection is available from our website: www.dbag.com/privacy.

You can also access our shareholder portal all year round. It allows you to register to receive your invitation to the Annual Meeting and the related documents electronically, to consult your shareholder data and to update your shareholder details.

You can also access the shareholder portal via our website: https://www.dbag.com/investor-relations/ir-portal/

Personal details

Title/first name/surname:

Street/house number:

Postcode/town/city/country:

E-mail address:

Shareholder number (if available):

Please send me the following information:

- ☐ News/information on Deutsche Beteiligungs AG by e-mail
- ☐ Annual Report of Deutsche Beteiligungs AG by post
- ☐ Invitation to the Annual Meeting of Deutsche Beteiligungs AG (exclusively by e-mail)

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Exchange mnemonic: DBANn (Reuters)
DBAN (Bloomberg)