

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year from
1 October 2016 to 30 September 2017

General information

1. Principal activity of the Group

Deutsche Beteiligungs AG (DBAG) is a publicly-listed private equity business. 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. Its investment focus, as a co-investor and fund advisor, is on mid-market German companies. It receives income as a co-investor through the increase in value of the company in which it has invested and as a fund advisor, performing services for the DBAG funds.

Deutsche Beteiligungs AG is domiciled at Börsenstrasse 1 in 60313 Frankfurt am Main, Federal Republic of Germany.

2. Basis of preparation

The consolidated financial statements of DBAG as at 30 September 2017 have been prepared in conformity with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission for application in the European Union. The relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC) have also been applied. Additionally, the commercial law requirements stipulated in § 315a (1) of the German Commercial Code (Handelsgesetzbuch - HGB) have been taken into account.

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

The consolidated financial statements consist of the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of financial position, the consolidated statement of changes in equity and these notes to the consolidated financial statements.

The accounting, valuation and consolidation policies as well as the notes and disclosures to the consolidated financial statements, are applied consistently, except when IFRS rules necessitate making changes (see note 3).

The consolidated financial statements have been structured in conformity with the rules of IAS 1.

The consolidated statement of comprehensive income is structured based on the nature of expense method. In the interest of presenting information that is relevant to the business of DBAG as a private equity business, the net result of investment activity has been disclosed instead of revenues. Items of other comprehensive income are stated after taking into account all tax effects in that context as well as the respective reclassified amounts. Reclassifications between other comprehensive income and profit or loss are presented in the notes to the consolidated financial statements.

In the consolidated statement of cash flows, cash flows are differentiated according to operating activities as well as investing and financing activities (see note 31). The cash flows from investing activities also include the proceeds and payments resulting from changes in the long and short-term securities held.

The presentation in the consolidated statement of financial position differentiates between short and long-term assets and liabilities. Assets and liabilities are categorised as short-term if they fall due or are met within twelve months after the closing date.

For the sake of clarity, individual items on the consolidated statement of comprehensive income and on the consolidated statement of financial position have been presented together. These items are disclosed and discussed separately in the notes to the consolidated financial statements.

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

On 21 November 2017, the Board of Management of Deutscheeteiligungs AG authorised the consolidated financial statements and the combined management report for issue to the Supervisory Board. The Supervisory Board will pass a vote on 1 December 2017 as to its approval of the consolidated financial statements.

3. 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 had an impact on the reporting period that ended at 30 September 2017

Amendments to IAS 1 "Presentation of Financial Statements"

The amendments to IAS 1 relate to different disclosure issues. The amendments clarify, among other things, that disclosures in the notes are only specifically required if the information is material. This also applies when a standard specifically requires a list of minimum disclosures. DBAG has opted not to provide immaterial information in respect of the following disclosures and notes to the consolidated financial statements.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"

The amendments to IFRS 10, IFRS 12 and IAS 28 are to be applied for the first time, as a mandatory requirement, in the consolidated financial statements at 30 September 2017. Only the amendments to IFRS 10 had an impact on the consolidated financial statements of Deutscheeteiligungs AG.

As a result of these amendments to IFRS 10, subsidiaries of an investment entity that also meet the definition of an investment entity are no longer to be consolidated. From now on, these subsidiaries are to be measured at **fair value** in profit or loss (in accordance with IAS 39). Nevertheless, subsidiaries whose main purpose and activities are the provision of services that relate to the parent investment entity's investment activities are still to be consolidated.

As an investment entity, Deutscheeteiligungs AG is affected by this amendment. The subsidiary "Deutsche Beteiligungsgesellschaft mbH" (DBG) meets the criteria for classification as an investment entity and will no longer be consolidated with the application of the amendments to IFRS 10 in the financial year 2016/2017. The shares in DBG will be carried at fair value in profit or loss pursuant to IAS 39 for the first time in the consolidated financial statements at 30 September 2017, and will be reported under long-term financial assets. The fair value of the shares in DBG corresponds to the **net asset value** of the company, which is calculated using the sum-of-the-parts procedure. DBG's assets largely comprise investments in portfolio companies that had already been included in the consolidated financial statements at their fair value, and cash.

The deconsolidation of DBG had no major impact on the presentation of the asset, financial and earnings position of the Group. The first-time adoption of the amendments to IFRS 10 at 1 October 2015 did not have any impact on the consolidated statement of comprehensive income; as a result, retained earnings and other reserves were 3,338 thousand euros higher (previous year: +2,635 thousand euros), while the consolidated net result for the year was 3,338 thousand euros lower (previous year: -2,635 thousand euros), meaning that there was no change in total shareholder equity.

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

Consolidated statement of comprehensive income

for the period from 1 October 2015 to 30 September 2016

€'000	1 Oct. 2015 to 30 Sept. 2016		1 Oct. 2015 to 30 Sept. 2016
	Before IFRS 10 adjustment	Application effects of IFRS 10	Restated
Net result of investment activity	60,148	(719)	59,429
Fee income from fund management and advisory services	18,341	0	18,341
Net result of fund services and investment activity	78,489	(719)	77,769
Personnel costs	(16,060)	5	(16,055)
Other operating income	6,712	(40)	6,672
Other operating expenses	(18,617)	68	(18,549)
Interest income	88	(16)	71
Interest expenses	(585)	(2)	(587)
Other income/expenses	(28,462)	14	(28,448)
Earnings before tax	50,027	(705)	49,321
Income taxes	165	2	168
Income after taxes	50,192	(703)	49,489
Minority interest gains (-)/losses (+)	(33)	0	(33)
Net income	50,159	(703)	49,455
a) Items that will not be reclassified subsequently to profit or loss			
Gains (+)/losses (-) on remeasurements of the net defined benefit liability (asset)	(7,314)	703	(6,611)
b) Items that will be reclassified subsequently to profit or loss			
Unrealised gains (+)/losses (-) on available-for-sale securities	126	0	126
Other comprehensive income	(7,188)	703	(6,485)
Consolidated comprehensive income	42,971	0	42,971
Earnings per share in € (diluted and basic) ¹	3.33		3.29

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 period.

Consolidated statement of cash flows

for the period from 1 October 2015 to 30 September 2016

INFLOWS/(OUTFLOWS)

€'000	1 Oct. 2015 to 30 Sept. 2016		1 Oct. 2015 to 30 Sept. 2016
	Before IFRS 10 adjustment	Application effects of IFRS 10	Restated
Net income	50,159	(703)	49,455
Valuation 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	(60,114)	193	(59,920)
Gains (-)/losses (+) from disposals of non-current assets	6,755	526	7,281
Increase (-)/decrease (+) in income tax assets	3,108	(442)	2,666
Increase (-)/decrease (+) in other assets (netted)	(3,122)	(814)	(3,937)
Increase (+)/decrease (-) in pension provisions	6,836	(446)	6,390
Increase (+)/decrease (-) in other provisions	3,188	3	3,191
Increase (+)/decrease (-) in other liabilities (netted)	(6,470)	709	(5,762)
Cash flows from operating activities¹	339	(974)	(635)
Proceeds from disposals of property, plant and equipment and intangible assets	96	0	96
Purchase of investments in property, plant and equipment and intangible assets	(1,059)	0	(1,059)
Proceeds from disposals of financial assets and loans and receivables	47,227	(2,516)	44,711
Purchase of investments in financial assets and loans and receivables	(50,674)	12	(50,662)
Proceeds from disposals of long and short-term securities	8,785	0	8,785
Cash flows from investing activities	5,160	(3,290)	1,870
Proceeds from capital increases	37,221	0	37,221
Payments to shareholders (dividends)	(13,676)	0	(13,676)
Cash flows from financing activities	23,545	0	23,545
Change in cash funds from cash-relevant transactions	29,043	(4,264)	24,780
Cash funds at start of period	28,234	(1,652)	26,582
Cash funds at end of period	57,277	(5,916)	51,361

¹ This includes received and paid income taxes of 3,461 thousand euros (unadjusted)/2,906 thousand euros (adjusted), as well as received and paid interest and received dividends of 600 thousand euros (unadjusted)/547 thousand euros (adjusted).

Consolidated statement of financial position

at 30 September 2016

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

Consolidated statement of financial position

at 1 October 2015

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

Consolidated statement of changes in equity

for the period from 1 October 2015 to 30 September 2016

€'000	1 Oct. 2015 to 30 Sept. 2016		1 Oct. 2015 to 30 Sept. 2016
	Before IFRS 10 adjustment	Application effects of IFRS 10	Restated
Subscribed capital			
At start of reporting period	48,533	0	48,533
Change in reporting period	4,853	0	4,853
At end of reporting period	53,387	0	53,387
Capital reserve			
At start of reporting period	141,394	0	141,394
Change in reporting period	32,368	0	32,368
At 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	15,996	132	16,129
Reserve for gains/losses on remeasurements of the net defined benefit liability (asset)			
At start of reporting period	(21,006)	2,502	(18,504)
Change in reporting period	(7,314)	703	(6,611)
At end of reporting period	(28,321)	3,206	(25,115)
Change in unrealised gains/losses on available-for-sale securities			
At start of reporting period	403	0	403
Change in reporting period outside profit or loss	211	0	211
Change in reporting period through profit or loss	(85)	0	(85)
At end of reporting period	529	0	529
At end of reporting period	(11,392)	3,338	(8,054)
Consolidated retained profit			
At start of reporting period	117,381	(2,635)	114,746
Dividend	(13,676)	0	(13,676)
Net income	50,159	(703)	49,455
At end of reporting period	153,863	(3,338)	150,525
Total	369,619	0	369,619

Standards and interpretations, as well as amendments to standards and interpretations applicable for the first time, that had no effects on the reporting period that ended at 30 September 2017

In the consolidated financial statements at 30 September 2017, the following amendments to standards were applicable for the first time:

- › amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”,
- › amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture”,
- › amendments to IAS 27 “Separate Financial Statements”,
- › annual improvements to IFRS “2012 to 2014 Cycle”,
 - IAS 19 “Employee Benefits”,
 - IAS 34 “Interim Financial Reporting”,
 - IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”,
 - IFRS 7 “Financial Instruments: Disclosures”
- › amendments to IFRS 11 “Joint Arrangements”.

The amendments do not have any major impact on the consolidated financial statements of Deutsche Beteiligungs AG.

New standards and interpretations that have not yet been applied

a) Endorsed by the European Union

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

IFRS 9 “Financial Instruments” (1 January 2018)

The new IFRS 9 “Financial Instruments” will replace the present standard IAS 39 “Financial Instruments: Recognition and Measurement”. Like IAS 39, IFRS 9 comprises the topics of classification and measurement, impairment and hedging transactions.

Classification and measurement of financial assets in accordance with IFRS 9 are based on the business model at the date of acquisition and the contractual cash flow characteristics. Based on the combination of these two criteria, financial assets will be allocated to one of three categories: “at amortised cost”, “at fair value through other comprehensive income” or “at fair value in profit or loss”.

The “financial assets” of DBAG largely comprise interests in intra-Group investment entities, interests in associates, other interests in portfolio companies and international fund investments, and have all been allocated to the “at fair value in profit or loss” category pursuant to IAS 39 to date. On the basis of the exception set out in IFRS 10 for investment entities, intra-Group investment entities cannot be consolidated, but are to be treated as financial instruments within the meaning of IAS 39 and measured at fair value in profit or loss. Associates, other interests in portfolio companies and the international fund investments will be allocated to the “Measured at fair value in profit or loss” category upon initial recognition (“fair value option”). As far as these financial instruments are concerned, the first-time adoption of IFRS 9 will not have any impact on the consolidated financial statements. ◀

To date, “loans and receivables” have been measured at amortised cost in accordance with IAS 39. DBAG collects payments from these financial instruments in the form of interest and repayments. The “loans and receivables” will remain eligible for allocation to the “measured at amortised cost” category in the future. Nevertheless, the first-time adoption of IFRS 9 is expected to have introductory effects on the consolidated financial statements for this item. These are attributable to differences between the impairment concepts in the previous IAS 39 (“incurred loss model”) and those in the new IFRS 9 (“expected loss model”). In the future, loan defaults and/or interest losses that are already expected are to be stated prospectively at the time of initial recognition.

“Minority interest” concerns non-controlling interests belonging to shareholders from outside of the Group in fully-consolidated partnerships that are included in the consolidated financial statements. It is recognised within liabilities, since it does not meet the definition of equity in accordance with IAS 39. The classification and measurement of these financial liabilities in accordance with IFRS 9 is consistent with the methodology applied to date under IAS 39. As a result, the first-time adoption of IFRS 9 is not expected to have any impact on the consolidated financial statements.

The new provisions on hedge accounting set out in IFRS 9 are designed to provide for a closer alignment of risk management strategy and accounting. At 30 September 2017, DBAG had not entered into any hedging relationships, meaning that the new provisions are not relevant to DBAG as things stand at the moment.

To simplify matters, IFRS 9 provides companies with the option, at the time of first-time adoption, of allocating financial instruments to one of the categories described, without having to adjust the reporting for the previous year.

IFRS 15 “Revenue from Contracts with Customers” (1 January 2018)

The new standard supersedes IAS 11 “Construction Contracts” and IAS 18 “Revenue” as well as the associated interpretations. The new IFRS 15 harmonises past IFRS rules and those applied under the US GAAP. IFRS 15 contains a new model for recognising revenue arising from contracts with customers. Revenue is recognised when the customer acquires control over the agreed goods and services and is able to obtain the benefits from them.

Since financial instruments fall under the scope of IFRS 9, the first-time adoption of IFRS 15 will not have any direct impact on the “net result of investment activity”.

“Fee income from fund investment services” principally falls under the scope of the new IFRS 15. The income represents the consideration paid for the services that were provided for the investors in the DBAG funds. At the moment, it is recognised and reported as revenue when the services are delivered, since this is the point in time at which DBAG acquires control over the main potential benefits.

This means that, on the whole, the introduction of IFRS 15 is not expected to have any impact on the consolidated financial statements of Deutscheeteiligungs AG.

b) Not yet endorsed for application in the European Union

The following standards have been issued by the IASB and the IFRIC, but have not yet been endorsed by the European Commission for adoption in the European Union.

Amendment to IAS 7 “Statement of Cash Flows”

The amendments to IAS 7 introduce new disclosure requirements for changes in liabilities arising from companies’ financing activities. The impact of the amendments to IAS 7 on the presentation of the consolidated financial statements of Deutscheeteiligungs AG is currently being analysed. A conclusive assessment of the effects of these amendments on the consolidated financial statements is not yet possible.

Amendments to IAS 12 “Income Taxes”

The amendments to IAS 12 relate, in particular, to a clarification of the treatment of deferred taxes with regard to unrealised changes in fair value. The effects of the amendments to IAS 12 on the presentation of the consolidated financial statements of Deutscheeteiligungs AG are currently being analysed. A conclusive assessment of the effects of these amendments on the consolidated financial statements is not yet possible.

Amendments to IAS 40 “Investment Property”

These amendments relate to real estate investors and are not relevant to Deutscheeteiligungs AG.

Amendments to IFRS 2 “Share-based Payment”

The amendments to IFRS 2 involve clarifications on the classification and measurement of share-based payment. There are currently no share-based payment schemes in place at Deutscheeteiligungs AG. The amendments to IFRS 2 therefore have no impact on the presentation of the consolidated financial statements of Deutscheeteiligungs AG.

Application of IFRS 9 “Financial Instruments” together with IFRS 4 “Insurance Contracts”

The amendments to IFRS 4 in conjunction with the introduction of IFRS 9 are designed to provide relief to companies that offer insurance contracts to their customers, within the scope of IFRS 4, with regard to the application of IFRS 9 until the introduction of the new standard on insurance contracts. The rules are irrelevant for Deutscheeteiligungs AG.

Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Interests in Associates and Joint Ventures”

The amendments to IFRS 10 and IAS 28 relate to the sale of assets to an associate or joint venture and to the contribution of assets made to an associate or joint venture. The amendments to IFRS 10 and IAS 28 will not have any impact on the consolidated financial statements.

IFRS 14 “Regulatory Deferral Accounts”

The new IFRS 14 standard permits first-time adopters of the IFRS to continue to account for deferral account balances in accordance with their national accounting rules in their IFRS-formatted financial statements. The rules are irrelevant for Deutscheeteiligungs AG.

Clarification regarding IFRS 15: “Revenue from Contracts With Customers”

The clarification serves as the IASB’s reaction to questions raised in connection with the first-time adoption of IFRS 15 and makes its application easier in individual circumstances. The clarification is not expected to have any impact on the consolidated financial statements of Deutscheeteiligungs AG.

IFRS 16 “Leases”

The new standard supersedes IAS 17 “Leases”. IFRS 16 introduces a new model for lessees on recognising lease liabilities based on future lease payments and the right to use of a leased asset. For lessors, the rules of IAS 17 largely remained unchanged. The impact of the adoption of IFRS 16 on the

consolidated financial statements of Deutscheeteiligungs AG is currently being analysed. A conclusive assessment of the effects is not yet possible.

IFRS 17 “Insurance Contracts”

The new IFRS 17 supersedes IFRS 4 “Insurance Contracts”. Compared with IFRS 4, the accounting rules for insurance contracts under the new standard are more restrictive and reduce the available accounting options. The rules are irrelevant for Deutscheeteiligungs AG.

4. Disclosures on the group of consolidated companies and on interests in other entities

4.1 Status of DBAG as an investment entity in terms of IFRS 10

Deutscheeteiligungs AG initiates closed-end private equity funds (“DBAG funds”) for investments in equity or equity-like instruments primarily in unlisted companies. It solicits capital commitments from institutional investors to DBAG funds and provides asset management services to them via fully consolidated subsidiaries. The capital management companies of the DBAG funds are under the obligation to their investors to invest the capital based on a contractually-agreed investment strategy that aims to achieve either increases in value and/or the generation of current income. DBAG measures and evaluates the performance of the investments entered into by the DBAG funds at quarterly intervals on a fair value basis. Thus, DBAG, as a parent company, has the typical characteristics of an investment entity in terms of IFRS 10.

At the same time, DBAG is recognised as a special investment company, as defined by [German legislation on special investment companies \(Gesetz über Unternehmensbeteiligungsgesellschaften – UBGG\)](#). In that capacity, it enters into investments using its proprietary capital as a co-investor alongside DBAG funds. Based on [co-investment](#) agreements with the DBAG funds, DBAG and the funds invest at the same terms, in the same companies and in the same instruments. The co-investments serve the purpose of achieving an alignment of interests between Deutscheeteiligungs AG and the DBAG funds it manages via subsidiaries.

In the opinion of the Board of Management, the co-investments do not affect the status of DBAG as an investment entity in terms of IFRS 10.

4.2 Group of consolidated companies

As an investment entity in terms of IFRS 10, DBAG only consolidates such subsidiaries that provide investment-related services to the investment entity. The following subsidiaries are consolidated in the Group's financial statements at 30 September 2017:

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

The parent-subsidiary relationship results from the fact that DBAG holds the majority of voting rights in these companies, or has the power, based on contractual arrangements, to direct the relevant activities, has the opportunity to obtain variable returns from these companies and the ability to affect the amount of the variable returns.

DBAG does not hold a majority of the voting rights in AIFM-DBG Fund VII Management (Guernsey) LP, DBG Advising GmbH & Co. KG, DBG Fund VI GP (Guernsey) LP, DBG Management GP (Guernsey) Ltd., DBG Managing Partner GmbH & Co. KG, European PE Opportunity Manager LP or European PE Opportunity Manager LP. However, in the six entities mentioned, there are partners carrying voting rights who are parties related to DBAG and give DBAG a controlling position in accordance with IFRS 10; among other things, DBAG receives the majority of the distributable amounts.

These subsidiaries provide the management and advisory services for DBAG funds. The range of services – irrespective of whether they are management or advisory services to a DBAG fund – comprises identifying, analysing and structuring investment opportunities, negotiating the investment agreements, compiling investment memorandums for the funds, supporting the portfolio companies during the holding period and realising the funds' portfolio companies. When managing DBAG funds, the range of services additionally includes taking investment decisions.

For more information on these subsidiaries, we refer to the commentary in note 38 under the heading "Other related parties".

4.3 Unconsolidated intra-Group investment entities

The co-investments that DBAG enters into using its proprietary capital in order to align its interest with that of managed and/or advised DBAG funds within the scope of its business activity are made through its own companies (referred to as "co-investment vehicles"). These vehicles serve the sole purpose of bundling the co-investments of DBAG alongside a fund. Deutsche Beteiligungsgesellschaft mbH (DBG) also meets the criteria for classification as an investment entity but, unlike the co-investment vehicles, it also provides investment-related services. These intra-Group investment entities¹ are excluded from the scope of application of IFRS 10 and are measured at fair value in profit or loss in conjunction with IAS 39. They are recognised within the financial assets.

¹ Umbrella term for the co-investment vehicles and DBG.

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

In the past, DBAG made indirect investments in individual portfolio companies and international fund investments via DBG. It now only expects to receive distributions from the sale of the remaining investments.

The co-investments by DBAG using its proprietary capital alongside the DBAG funds are based on co-investment agreements with the funds. This means that DBAG has a contractual obligation to provide financing for investments and costs at a fixed rate for each of the funds; it can, however, unilaterally waive that contractual obligation (right to opt out), but would then forgo the opportunity of investing alongside the respective fund for the remaining term of that fund. However, based on its business activity, DBAG has the economic intention of providing finances to the co-investment vehicles in cases of investment decisions by DBAG funds for the purposes of profitably investing its capital and of aligning its interest with that of the fund investors.

Name	€'000		
	Capital commitments	Capital calls	Outstanding capital commitments
DBG Fourth Equity Team GmbH & Co. KGaA i. L.	93,737	91,108	0
DBAG Fund V Konzern GmbH & Co. KG	103,950	102,578	1,372
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	134,751	68,923	46,390
DBAG Fund VI Konzern (Guernsey) L.P.	133,000	132,987	13,978
DBAG Fund VII Konzern SCSp	183,000	12,500	170,500
DBAG Fund VII B Konzern SCSp	17,000	416	16,584
	665,438	408,513	248,824

Name	€'000		
	Capital commitments	Capital calls	Outstanding capital commitments
DBG Fourth Equity Team GmbH & Co. KGaA i. L.	93,737	91,108	0
DBAG Fund V Konzern GmbH & Co. KG	103,950	102,076	1,874
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	100,000	60,855	39,145
DBAG Fund VI Konzern (Guernsey) L.P.	133,000	95,777	37,223
DBAG Fund VII Konzern SCSp	183,000	0	183,000
DBAG Fund VII Konzern B SCSp	17,000	0	17,000
	630,687	349,817	278,241

DBAG ECF ended its original investment period in May 2017. This reduced the outstanding capital commitment to DBAG Expansion Capital Fund Konzern GmbH & Co. KG for follow-up investments in existing portfolio companies to 11,639 thousand euros. The outstanding capital commitment for the first new investment period, which started in June 2017, comes to 34,751 thousand euros.

DBAG Fund VI ended its investment phase in December 2016. The remaining outstanding capital commitment for DBAG Fund VI Konzern (Guernsey) L.P. comprises commitments for follow-up investments in existing portfolio companies in the amount of 13,965 thousand euros.

Based on its co-investment activity, DBAG received the following repayments from, and made the following investments with, co-investment vehicles that are carried at fair value:

€'000	2016/2017	
Name	Repayments	Investments
DBG Fourth Equity Team GmbH & Co. KGaA i. L.	1,427	0
DBAG Fund V Konzern GmbH & Co. KG	120,967	525
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	4,946	15,486
DBAG Fund VI Konzern (Guernsey) L.P.	52,019	47,946
DBAG Fund VII Konzern SCSp	0	12,500
DBAG Fund VII B Konzern SCSp	0	416
	179,359	76,874

€'000	2015/2016	
Name	Repayments	Investments
DBG Fourth Equity Team GmbH & Co. KGaA i. L.	577	0
DBAG Fund V Konzern GmbH & Co. KG	31,530	1,931
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	6,133	18,764
DBAG Fund VI Konzern (Guernsey) L.P.	16,234	30,371
DBAG Fund VII Konzern SCSp	0	0
DBAG Fund VII Konzern B SCSp	0	0
	54,474	51,066

The payouts received for the co-investment vehicle DBAG Fund V Konzern GmbH & Co. KG are reduced in the reporting year by **carried interest** attributable to minority interests in the amount of 29,472 thousand euros (previous year: 8,121 thousand euros). For more information, we refer to the commentary in note 38 under the heading "Carried interest investments by current and former key management staff".

In the financial year 2016/2017, DBG did not make any distributions to DBAG (previous year: 0 thousand euros).

4.4 Other unconsolidated subsidiaries

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

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

DBG Advising Verwaltungs GmbH and DBG Managing Partner Verwaltungs GmbH do not provide investment-related services and are therefore not consolidated; rather, they are recognised at fair value. Bowa Geschäftsführungs GmbH i. L. is unconsolidated due to immateriality.

4.5 Interests in associates

DBAG is invested in three companies over which it exerts significant influence; it has the ability to participate in financial and business policy decisions without being able to control these decision processes. Based on DBAG's voting interests of between 20 to 50 percent, the following entities are considered associates:

Name	Domicile	Capital interest %	If different voting interest %
DBG Asset Management Ltd.	Jersey, Channel Islands	50.00	35.00
RQPO Beteiligungs GmbH	Frankfurt am Main, Germany	49.00	–
RQPO Beteiligungs GmbH & Co. Papier KG	Frankfurt am Main, Germany	44.10	–

As compared with the status at 30 September 2016, there were no disposals of associates. After a holding period of almost 30 years, the sale of the stake in Grohmann Engineering Group GmbH to the strategic investor Tesla Motors, Inc. was completed in January 2017.

The aggregate financial data for the other immaterial associates is shown in the following table:

OTHER ASSOCIATES

Statement of financial position

€'000	31 Dec. 2016	31 Dec. 2015
Assets		
Non-current assets	2,581	2,612
Current assets	443	546
Total assets	3,024	3,158
Liabilities		
Equity	361	482
Provisions	2	7
Liabilities	2,661	2,668
Total liabilities	3,024	3,158

Statement of profit or loss

€'000	1 Jan. 2016 to 31 Dec. 2016	1 Jan. 2015 to 31 Dec. 2015
Revenue	(15)	61
Other expenses and income	(39)	(34)
Taxes	0	0
Profit for the year	(54)	27

4.6 Interests in unconsolidated structured entities

Within the scope of the business activity of DBAG and its subsidiaries as external capital management companies or investment service providers to private equity funds, contractual arrangements exist between DBAG and structured entities of managed or advised DBAG funds that DBAG sponsored within the scope of its business activity. In particular, in the founding phase of a fund, DBAG prepays certain external third-party charges. These costs are reimbursed by the investors in a fund when that fund's investment period starts.

The following companies that DBAG sponsored within the scope of the business activity described above are **structured entities** that were not consolidated and recognised at 30 September 2017:

Name	Domicile	Capital/voting interest %
DBAG Fund IV International GmbH & Co. KG i. L.	Frankfurt am Main, Germany	0.00
DBAG Fund IV GmbH & Co. KG i. L.	Frankfurt am Main, Germany	0.00
DBAG Fund V GmbH & Co. KG	Frankfurt am Main, Germany	0.00
DBAG Fund V International GmbH & Co. KG	Frankfurt am Main, Germany	0.00
DBAG Fund V Co-Investor GmbH & Co. KG	Frankfurt am Main, Germany	0.00
DBAG Expansion Capital Fund GmbH & Co. KG	Frankfurt am Main, Germany	0.00
DBAG Expansion Capital Fund International GmbH & Co. KG	Frankfurt am Main, Germany	0.00
DBAG Fund VI (Guernsey) L.P.	St. Peter Port, Guernsey, Channel Islands	0.00
DBG Fund HoldCo GmbH & Co. KG	Frankfurt am Main, Germany	0.00
DBAG Fund VI Feeder GmbH & Co. KG	Frankfurt am Main, Germany	0.00
DBAG Fund VII SCSp	Findel, Luxembourg	0.00
DBAG Fund VII B SCSp	Findel, Luxembourg	0.00
DBAG Fund VII B Feeder GmbH & Co. KG	Frankfurt am Main, Germany	0.00
DBAG Fund VII Feeder GmbH & Co. KG	Frankfurt am Main, Germany	0.00
European Private Equity Opportunities I LP	St. Peter Port, Guernsey, Channel Islands	0.00

The DBAG Group does not have contractual or economic commitments to these unconsolidated structured entities to provide financing or assets. Exposure to economic risk relates exclusively to the management and advisory activity of the DBAG Group for the DBAG funds. Based on contractual arrangements, the DBAG Group receives management fees for its services as a manager of DBAG Fund IV, DBAG ECF and DBAG Fund V or

advisory fees for its services as an advisor to the manager of DBAG Fund VI and DBAG Fund VII (see note 38).

Exposure to loss from these unconsolidated structured entities extends to receivables arising from the management and advisory activity of the DBAG Group for the DBAG funds.

€'000	30 Sept. 2017	30 Sept. 2016
Name	Maximum exposure to loss	Maximum exposure to loss
DBAG Fund IV GmbH & Co. KG i. L.	0	0
DBAG Fund IV International GmbH & Co. KG i. L.	0	0
DBAG Fund V GmbH & Co. KG	0	20
DBAG Fund V International GmbH & Co. KG	0	47
DBAG Fund V Co-Investor GmbH & Co. KG	0	0
DBAG Expansion Capital Fund GmbH & Co. KG	264	175
DBAG Expansion Capital Fund International GmbH & Co. KG	200	108
DBAG Fund VI (Guernsey) L.P.	413	157
DBAG Fund VII SCSp	3,831	921
DBAG Fund VII B SCSp	91	151
	4,798	1,578

There were no contractual or economic commitments at the reporting date arising from all other unconsolidated structured entities in which DBAG acted as a sponsor that could result in an inflow or outflow of funding or involve exposure to loss for the DBAG Group.

Disclosures on list of shareholdings pursuant to § 313 (2) HGB

The disclosures on the list of shareholdings pursuant to § 313 (2) German Commercial Code (HGB) can be found in note 43 of these notes to the consolidated financial statements.

5. Consolidation methodology

In addition to DBAG, nine of the other consolidated companies prepare their separate annual financial statements as at 30 September. The remaining consolidated companies' reporting date is concurrent with the calendar year. For consolidation purposes, these companies prepare interim financial statements as at the reporting date of DBAG.

The financial statements of consolidated companies are drawn up based on uniform accounting policies.

Capital consolidation is performed using the purchase method based on the date that DBAG obtained a controlling influence over the subsidiary in question (acquisition date). Acquisition costs are offset by the fair value of the acquired identifiable assets and assumed liabilities as well as contingent liabilities. The carrying amounts are amortised in the subsequent periods. Goodwill required to be capitalised has not yet occurred.

Intra-Group profits and losses and transactions as well as all unrealised income and expenses are eliminated when preparing the consolidated financial statements. Deferred income taxes are taken into account in consolidation procedures.

6. Accounting and valuation policies

Recognition of assets and liabilities

Non-financial assets are recognised in the consolidated statement of financial position if it is probable that the future economic benefit will flow to DBAG and their cost or other value can be reliably measured.

Non-financial liabilities are recognised in the consolidated statement of financial position if it is probable that the settlement of a present obligation will require an outflow of resources embodying economic benefits and the amount of the settlement can be reliably measured.

Regular-way purchase or sale of financial assets or financial liabilities as well as equity instruments (generally referred to as financial instruments in accordance with IAS 32) are consistently

recognised or derecognised for all categories of financial instruments on the settlement date.

Categories of financial instruments

Classes of financial instruments according to IFRS 7 are designated in the DBAG Group in accordance with the categories defined in IAS 39. Level 3 financial instruments are also classified as intra-Group investment entities, interests in portfolio companies, international fund investments and "other". The classes are formed based on the valuation methodologies.

For financial assets that are measured at fair value in profit or loss, only such assets exist as are designated to this category upon initial recognition. These mainly relate to the investments. Financial assets classified as held for trading or as held to maturity do not exist.

Fair value measurement of financial assets in profit or loss

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

- › intra-Group investment entities (subsidiaries that cannot be consolidated according to IFRS 10),
- › interests in associates (interests in portfolio companies with a proportion of the voting rights between 20 and 50 percent),
- › other interests in portfolio companies (interests in portfolio companies with a proportion of the voting rights of less than 20 percent),
- › international fund investments.

The intra-Group investment entities include subsidiaries of DBAG through which DBAG co-invests in the DBAG funds (co-investment vehicles) and DBG. Due to the exemption in IFRS 10 for investment entities, these subsidiaries cannot be consolidated. Instead, they are required to be treated as financial instruments in terms of IAS 39 and measured at fair value in profit or loss.

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

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

The financial assets are measured initially and at all subsequent quarterly and annual reporting dates at fair value by a Valuation Committee. The Valuation Committee includes the members of the Board of Management, the head of finance and accounting, the finance and accounting officer and the investment controllers.

Valuation procedures used in measuring fair value

The fair values for the various classes of assets are measured in accordance with consistent valuation procedures and on the basis of uniform input factors. DBAG has developed valuation guidelines for fair value accounting 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) in the version dated December 2015, insofar as these are consistent with the IFRS. Prompted by the amendments to the IPEVG compared with the previous version dated December 2012, the valuation guidelines were supplemented to include provisions on an analysis as to whether or not, and to what extent, the value realised when a portfolio company is disposed of varies from the most recently calculated fair value (known as "backtesting") and on how to take events after the valuation date into account.

The IPEVG are not mandatory guidelines, but rather summarise standard valuation practices in the private equity industry. The valuation guidelines set out further details on IPEVG provisions, insofar as the latter are vague or undefined, in order to allow them to be applied in intersubjectively clear terms to DBAG. They also describe the procedure for calculating the fair value, taking the relevant provisions set out in the Articles of Association into account.

The valuation is performed at the relevant reporting date for the annual financial statements, taking all of the information that has an impact on value into account, i.e. all of the events between the valuation date and the date on which the consolidated financial statements are prepared, insofar as these events provide information that is relevant for the purposes of the valuation that market participants were already aware of, or ought to have been aware of, on the valuation date.

At initial recognition, the fair value corresponds to the transaction price. Ancillary costs of the transactions are not capitalised, but are immediately expensed. Ancillary costs attributable to a transaction include fees paid to intermediaries, consultants (e.g. legal or corporate consultants), agents and brokers, charges paid to regulatory authorities and stock exchanges as well as taxes and fees incurred in connection with the transaction. At subsequent reporting dates, the fair value is measured on a going-concern basis.

As far as possible, the fair value of a portfolio company is measured based on prices from transactions in the market that were observed on the valuation date or immediately prior to that date. This is normally possible for companies whose shares are quoted on the stock exchange. These portfolio companies are valued at the closing rate on the valuation date or the closing rate on the last day of trading prior to this date. In determining prices, the principal market or the most advantageous market is used as the relevant stock exchange. The fair value thus determined is neither reduced by premiums attaching to the sale of larger blocks of shares nor by deductions for disposal costs. Should the sale be subject to contractually agreed restrictions (lock-up), a risk-adjusted deduction is made on the observed transaction price. The amount of the risk-adjusted deduction is at the discretion of the Valuation Committee.

For unlisted companies, a valuation methodology may be considered that is based on a signed purchase agreement or a binding purchase bid, if the completion of the purchase agreement is sufficiently assured or if the purchase bid seems sufficiently realisable. If appropriate, valuations can be based on the price at which a significant amount of new investments in the portfolio

company were made (financing rounds) or on significant comparative prices of recent transactions that have taken place in the market.

If the transaction price observed in the market at the valuation date or the price of the most recent investment made prior to the valuation date does not constitute a sufficiently reliable method – for instance, for reasons of lacking liquidity in the market or in the event of a forced transaction or distressed sale – the following valuation procedures are used:

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

For **THE SUM-OF-THE-PARTS PROCEDURE**, individual asset and liability items are valued separately at fair value and then aggregated to the net asset value of the unconsolidated subsidiaries. To that end, portfolio companies are generally valued using the multiples or DCF method (see below).

The interest of DBAG in the co-investment vehicles' net asset value is based on the partnership agreements for the profit distribution. The members of the investment team are committed to taking an interest in the following DBAG funds: DBAG Fund IV, DBAG Fund V, DBAG Fund VI, DBAG Fund VII and DBAG Expansion Capital Fund (DBAG ECF). For the members of the investment team, under certain conditions (see note 38), this can result in a profit share that is disproportionate to the capital invested ("carried interest"). As soon as the conditions that trigger carried interest payments are met, the interest in the net asset value of a co-investment vehicle is reduced accordingly.

For the **MULTIPLES METHOD**, the enterprise value is determined by applying a multiple to an appropriate indicator of the company's value. That indicator is generally the company's

earnings before interest, taxes and amortisation (EBITA) and/or earnings before interest, taxes, depreciation and amortisation (EBITDA). The indicator derives from a portfolio company's current financial metrics. To arrive at a maintainable indicator of value, these metrics are adjusted for special effects, such as non-recurring expenses or discounts for risk projects. In addition, discounts or premiums are made on the applied indicators if there is current information that is not yet reflected in these financial metrics. The multiple is derived from the market capitalisation of a peer group. Companies are selected for the **peer group** that are comparable with the investee business to be valued as regards their business model, the geographical focus of their operations as well as their size. If the portfolio company to be valued differs in certain aspects compared with features of companies in the peer group, discounts or premiums are applied to the relevant multiple. As long as these differences between the portfolio company to be valued and the peer group companies exist, these discounts or premiums are applied consistently. For reconciliation with the net asset value, which corresponds to the fair value, net liabilities are deducted from the enterprise value.

In the **DCF METHOD**, fair value is determined by discounting expected future cash flows. The portfolio company's existing budgeting is used as the basis for projecting future cash flows. This is adjusted by discounts or premiums, if current findings exist that were not yet considered in the budgets. If there is no suitable basis for transition to a terminal value at the end of the forecast period, a less detailed trend phase follows. For the time following the forecast period and, if appropriate, the trend phase, a terminal value is used that may be adjusted by a growth rate. We derive the discount rate by the WACC model (WACC = weighted average cost of capital) from the weighted cost of equity and cost of debt. In discounting equity, we derive the rate from a risk-free base rate and a risk premium to capture the business risk involved. The discount rate for debt corresponds to the refinancing rate for the company to be valued. For valuations of interests in international funds using the DCF method, the expected proceeds from the sale of portfolio companies are discounted to the present value by applying the appropriate rate.

In determining the fair value, critical judgements on the part of the Valuation Committee will become necessary to a certain extent, i.e. assumptions and estimates must be made. These are constructively substantiated by the Valuation Committee and documented in the valuation records. To that end, the assumptions and estimates are based on the premises of current knowledge and the experience of the Valuation Committee and are consistently applied without arbitrariness. If the portfolio company's actual performance or the underlying conditions differ from the trend expected at the preceding valuation date, the premises and, if appropriate, the fair value are adjusted at the next valuation date.

Whenever a portfolio company is disposed of, the Valuation Committee analyses whether or not and, if so, to what extent the realised value differs from the most recently calculated fair value (a process known as "backtesting"). Backtesting provides information on the causes of the changes in value, in order to make ongoing improvements to the valuation process.

Recognition of revenues

Due to the particularities arising from the operating activities of the DBAG Group as a financial investor, the net result of fund services and investment activity is presented instead of revenues in the consolidated statement of comprehensive income. It consists of "Fee income from fund management and advisory services", the "Net result of valuation and disposal of financial assets and loans and receivables" and "Current income from financial assets and loans and receivables".

FEE INCOME FROM FUND MANAGEMENT AND ADVISORY SERVICES is recognised when the services are delivered.

The **NET RESULT OF VALUATION** comprises movements in the fair value of financial assets and loans and receivables that are derived at each valuation date using the valuation principles described above.

The **NET RESULT OF DISPOSAL** contains profits that were realised upon disposal of financial assets and loans and receivables. For regular-way sales, disposals are recognised at the settlement date. The profits achieved on the sale are therefore

recorded at that date. The settlement date is the day on which the contractually agreed obligations between the selling and purchasing parties to the contract have been fulfilled. In the DBAG Group, this is usually on the day on which the interests in the divested portfolio company are transferred in exchange for the receipt of cash, a purchaser's loan or other financial assets. In the event of contractually-agreed purchase price retentions for representations and warranties or other risks, these are recognised at a future date at which claims to warranty obligations or other risks are no longer probable. This may also be done on a contractually-agreed pro rata basis in partial amounts per period.

CURRENT INCOME comprises distributions from the intra-Group investment entities as well as dividends and interest payments from portfolio companies. The dividends are recognised on the day that distributions or dividends are declared, or, for interest payments, on a pro rata temporis basis or in the period in which they accrue.

Impairment test for financial assets at fair value outside profit or loss

An impairment test for financial assets measured at fair value outside profit or loss is conducted at each reporting date. At DBAG, this relates to financial assets falling under the categories of "Loans and receivables" as well as "Financial assets available for sale". The impairment test is designed to identify whether there is objective evidence that an asset is impaired. Such objective evidence could be:

- significant financial difficulty on the part of the issuer or obligor,
- breach of contract, for example, default or delinquency in interest or principal payments,
- concessions by the DBAG Group to a borrower for economic or legal reasons relating to the borrower's financial difficulty,
- the probability that the borrower will enter bankruptcy or another financial reorganisation,
- the disappearance of an active market for that financial asset because of financial difficulties,
- observable data, such as the payment status of borrowers or adverse changes in national or local economic conditions, indicating that there is a measurable decrease in the estimated future cash flows from the financial asset.

Impaired financial assets are derecognised when there is objective evidence that a receivable is uncollectible or that future cash flows can no longer be expected.

Intangible assets/property, plant and equipment

Intangible assets and property, plant and equipment are valued at amortised cost.

Intangible assets were exclusively acquired against payment.

The useful life for intangible assets is determinable and extends from two to five years. For property plant and equipment, useful economic life is termed from three to thirteen years. Additions are depreciated pro rata temporis, beginning in the month of acquisition. Regular depreciation is offset on a straight-line basis.

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

Loans and receivables

The item "Loans and receivables" comprises loans, shareholder loans and receivables with a fixed term and without an embedded derivative requiring separation. These relate to financial assets within the meaning of IAS 39, which are designated to the category of "Loans and receivables" at initial recognition and carried at amortised cost. Loans and receivables are subject to an impairment test at each reporting date (see also the section on the impairment test above). Impairment losses on loans and receivables are recognised in the item "Net result of investment activity" in the consolidated statement of comprehensive income.

Securities

Securities comprise interest-bearing bonds. They are designated to the category of "Available-for-sale financial assets". Designation to this category occurs because they may be sold at any time to cover liquidity requirements arising from DBAG's investment activity. The securities are initially recognised at fair value, which corresponds to their cost at the time of the transaction, and at fair value directly in "Other comprehensive income" at the subsequent reporting dates. The fair value measurement of securities is based on prices by dealers or price information systems (Reuters, Bloomberg, etc.). These are indicative prices, since observed transaction prices are not regularly available due to low market turnovers.

Changes in fair value are recognised in "Retained earnings and other reserves" in the consolidated statement of financial position and in "Unrealised gains/(losses) on available-for-sale securities" in the consolidated statement of comprehensive income. An impairment test is conducted at each reporting date (see also the section on the impairment test above). If there is objective evidence of impairment, the aggregate loss recognised in reserves is reclassified to "Other operating expenses" in profit or loss in the consolidated statement of comprehensive income, even if the securities were not derecognised. An impairment account is used to record impairments. Gains and losses realised on disposal of securities of this category are reclassified accordingly, insofar as this has not occurred at earlier reporting dates by way of an impairment test.

Other assets

"Other assets" comprise receivables from DBAG funds, other receivables and prepaid expenses. Where applicable, this item also contains the net asset position arising from offsetting plan assets with pension obligations. With the exception of prepaid expenses, value-added tax and the net asset position arising from offsetting plan assets with pension obligations, these relate to financial assets as defined in IAS 39.

These financial assets are allocated to the category "Available-for-sale financial assets" or "Loans and receivables". They are initially recognised at cost and are tested for impairment at the subsequent reporting dates (see the section on the impairment test). If there is objective evidence of impairment, the loss is recognised in "Other operating expenses" in the consolidated statement of comprehensive income.

Receivables

The line item "Receivables" contains receivables from portfolio companies. These relate to financial assets that are allocated to the category of "Loans and receivables" upon initial recognition and valued at cost. At subsequent reporting dates, they are tested for impairment (see the section on the impairment test). If there is objective evidence of impairment, the loss is recognised in the item "Other operating expenses" in the consolidated statement of comprehensive income.

Other financial instruments

The item "Other financial instruments" contains short-term financial instruments, such as equity shares in companies that will shortly be sold to the management of portfolio companies. Short-term borrowings to our intra-Group investment entities are also bundled in this item. These are financial assets in terms of IAS 39. Depending on their characteristics as equity or liability instruments, they are allocated to and valued in either the category "Financial assets at fair value in profit or loss" or "Loans and receivables" at the time of the initial recognition of the financial instruments. Changes in fair value are recognised either in the item "Other operating income" or in the item "Other operating expenses" of the consolidated statement of comprehensive income. An impairment test is performed for financial instruments measured at amortised cost at each reporting date (see the section on the impairment test). Impairment losses are recognised in the item "Other operating expenses" in the consolidated statement of comprehensive income.

Income tax assets

The item "Income tax assets" contains receivables from corporation and investment income tax. These relate to current taxes resulting from taxable income. Income tax assets are recognised in the relevant amount for tax purposes.

Cash and cash equivalents

"Cash and cash equivalents" relates to cash in banks, time deposits and overnight money. These are allocated to the category of "Loans and receivables" and are carried at amortised cost.

Deferred taxes

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

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

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

Minority interest

"Minority interest" in the consolidated statement of financial position contains the minority share ownership belonging to other investors in companies that are fully consolidated in

the Group accounts. It is recognised within liabilities, since it concerns shares in partnerships which do not meet the definition of equity in accordance with the IFRS. Minority interest is carried as a financial liability pursuant to IAS 39. Initial and subsequent valuation is at the proportionate carrying amount of minority interest in the company capital.

Pension obligations and plan assets

Pension obligations arising from defined benefit plans exist at two Group companies. Application of the plans is subject to the date at which the respective employee joined the Company. Pension obligations of Group companies are set against assets of a legally independent entity ("contractual trust arrangement" in the form of a bilateral trust), which must be used exclusively to cover the pension commitments given and are not accessible to creditors (qualified plan assets).

The pension obligations of the Group companies are offset, in each case, by assets of a legally independent entity ("contractual trust agreement" in the form of a two-way trust) that may only be used to cover the pension commitments given and are not accessible to any creditors (qualified plan assets).

The pension obligations under the defined benefit obligations are measured using the actuarial projected unit credit method. This method involves measuring the future obligations based on the pro rata benefit entitlements acquired up until the reporting date. They show the part of the benefit obligations that has been recognised in profit or loss by the reporting date. The valuation includes assumptions regarding the future development of certain actuarial parameters, such as the life expectancy of current and future pensioners, increases in salaries and pensions, and the interest rate used to discount the obligations. The actuarial rate is calculated based on the returns that are valid at the reporting date for long-term industrial bonds of issuers with the highest credit ratings with a comparable maturity.

Plan assets are measured at fair value.

For presentation in the financial statements, the present value of pension obligations is netted against the fair value of plan assets of the respective Group company. The resulting company-related net asset or liability positions are neither aggregated nor offset. Should the fair value of plan assets exceed the present value of pension obligations, a net defined benefit asset is recognised in "Other non-current assets". A net defined benefit liability is recognised in "Provisions for pension obligations".

Service cost is recognised in personnel costs and net interest on the net defined benefit liability (asset) in interest expenses. Net interest comprises interest expenses on pension obligations and the interest income on plan assets. It is calculated using the actuarial rate that applies to pension obligations.

Remeasurements of the net defined benefit liability are recognised in other comprehensive income. They comprise actuarial gains and losses from changes in financial and demographic assumptions as well as from experience-related changes.

Other provisions

Other provisions are carried in liabilities, if a third-party obligation and the probability of an outflow of resources to settle the obligation exist. Non-current provisions are discounted.

Other liabilities

Liabilities of the Group are carried in "Other liabilities" in conformity with IAS 39. They are initially recognised at cost. Subsequent measurement for discounted loans is at amortised cost using the effective interest method.

Other financial obligations, contingent liabilities and trusteeships

Other financial obligations are recognised outside the balance sheet. They ensue to the extent that a legal or constructive

third-party obligation exists for DBAG at the reporting date. This is measured on initial recognition at fair value.

Existing obligations arising from rental and lease contracts are carried as permanent debt obligations outside the balance sheet. Future payment commitments are discounted. Contingent liabilities are disclosed at the settlement amount and trusteeships at their fair value in the notes to the consolidated financial statements.

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

This item contains realised gains and losses arising from disposals of financial assets and from changes in the fair value of financial assets. This caption also includes impairment losses on loans and receivables carried at amortised cost.

Other comprehensive income

In addition to net income, other comprehensive income is the second component of total consolidated comprehensive income. Through other comprehensive income, transactions are recognised outside profit or loss. Other comprehensive income is shown before taxes. Shareholders from outside of the Group do not participate in other comprehensive income within the DBAG Group.

Offsetting

In preparing the consolidated statement of financial position and the consolidated statement of comprehensive income, assets and liabilities, as well as income and expenses, are generally not offset, unless this is stipulated or expressly permitted by a requirement.

Leases

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

Foreign currency

Receivables and liabilities stated in foreign currency are recognised in the consolidated income statement using the closing-rate method. Since the group of consolidated companies of Deutsche Beteiligungs AG does not include entities with different functional currencies, there are no effects from currency translations in this context.

7. Judgements in applying the accounting policies

Application of the accounting policies requires making judgements that can materially influence the reported amounts in the financial statements. The consolidation, accounting and valuation methods that have been applied based on judgements, are detailed in notes 4 to 6 above.

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](#). This status assessment had to be performed again in the financial year 2016/2017 after DBAG transferred certain services relating to fund management and advisory services that it had previously performed itself to its subsidiaries. The aim of the assessment was to determine whether DBAG had the power to direct these subsidiaries. As, based on the overall circumstances, the subsidiaries are to be included in the consolidated financial statements as fully consolidated companies, the investment-related services performed by them are to be attributed to DBAG, meaning that DBAG still has the status of an investment entity pursuant to IFRS 10.

As a result, the intra-Group investment entities are still not included in the consolidated financial statements as fully consolidated companies, but rather are recognised at fair value. The fair value of intra-Group investment entities is significantly determined by the fair value of the portfolio companies, which were already being carried at fair value in the consolidated financial statements prior to the implementation of IFRS 10.

The IFRS-compliant consideration of carried interest in the measurement of the intra-Group investment entities and the related reporting in the notes to the consolidated financial statements are the subject of an enforcement procedure that the Federal Financial Supervisory Authority (BaFin) has been leading since January 2017. DBAG had previously objected to the outcome (identification of an error) of a random sample examination of the consolidated financial statements at 30 September 2015 conducted by the German Financial Reporting Enforcement Panel (FREP); this examination had commenced in January 2016. If BaFin concurs with the opinion that resulted in the identification of the error, then arithmetical carried interest of 8.4 million euros would have to be included for the first time, with a value-reducing effect, in the measurement of the intra-Group investment entity of DBAG Fund VI at 30 September 2017. If BaFin shares the view on which our current method for taking carried interest into consideration is based, then this amount would not have to be included in the consolidated financial statements at 30 September 2017 with a value-reducing effect. As we still consider our method to be appropriate, and given that the enforcement procedure is still ongoing, we have continued to apply our method to the consolidated financial statements at 30 September 2017. Regarding the inclusion of carried interest in the valuation of the intra-Group investment entities of DBAG Fund V, DBAG ECF and DBAG Fund VII, both methods produce the same result.

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

Preparation of the consolidated financial statements 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 on 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 and past

experience. Assumptions and estimations also relate to issues over which the Board of Management has no influence, for instance, economic or financial market conditions. The actual outcomes can differ from the assumptions and estimations underlying these consolidated financial statements. In the event that new data and information become available or that changes take place, the assumptions and estimations are adjusted accordingly. The effects of a change in an assumption or estimation is recognised in the financial year that the change takes place and, if appropriate, in later financial years in the carrying amount of that item in the consolidated statement of financial position as well as in the consolidated statement of comprehensive income.

Due to assumptions about the future and other major sources of estimation uncertainty, there is a risk of having to make material adjustments to the carrying amounts of assets or liabilities within the next financial year. We judge the materiality by means of the effects on net assets. We would consider an adjustment to the carrying amount in the range of 3 percent of total shareholders' equity as being material; an adjustment is also material when it serves the clarity of the asset, financial and earnings position. Moreover, in our materiality judgements, we consider the possible effects in relation to the financial data in these consolidated financial statements as well as qualitative aspects.

A significant risk exists twofold for financial assets,

- the fair value of which was determined using inputs not based on observable market data (hierarchy level 3: see note 33.2), or
- if their value depends on an estimate of the probability of certain conditions arising in the future (net asset values of the intra-Group investment entities, see note 18).

Fair values at level 3 are contained in "Financial assets" in the amount of 260,915 thousand euros (previous year: 313,293 thousand euros). They concern that part of financial assets that is valued using the multiples method. The extent of

possible effects in the event of an adjustment of assumptions and estimations is not quantifiable. However, should the underlying multiples change by +/-1, this would result ceteris paribus in an adjustment in the fair values recognised in the financial statements of +/-16,773 thousand euros (previous year: 30,793 thousand euros). This equates to 4 percent of the total shareholders' equity (previous year, adjusted: 8 percent).

Net asset values of the intra-Group investment entities are contained in "Financial assets" in the amount of 254,917 thousand euros (previous year, adjusted: 289,600 thousand euros). They concern that part of financial assets that is valued using the sum-of-the-parts procedure. The interest of DBAG in the net asset value is based on the partnership agreements for the profit distribution. These provide for changes in the distribution of profit ("carried interest") if certain conditions triggering carried interest payments are met. As long as these conditions have not yet been met, the estimate of the probability of these occurring in the future is associated with considerable uncertainty. The conditions have already been met for the intra-Group investment entities for DBAG Fund V and DBAG ECF. By contrast, they have not yet been met for the intra-Group investment entities for DBAG Fund VI and DBAG Fund VII. In both cases, we still think, at the time the consolidated financial statements were prepared, that the conditions are unlikely to be met, which is why we have not included any carried interest in our calculation of the pro rata net asset value.

Notes to the consolidated statement of comprehensive income

9. Net result of investment activity

€'000	2016/2017	2015/2016
		Restated
Interests in intra-Group investment entities	81,685	68,820
Interests in portfolio companies	13,712	-10,391
International fund investments	-1,120	611
Other financial assets	-5	389
	94,272	59,429

The intra-Group investment entities constitute subsidiaries of DBAG through which DBAG co-invests in **DBAG funds** (see note 4.3) and DBG mbH. These subsidiaries are no longer permitted to be consolidated based on IFRS 10; instead, they are to be recognised at **fair value**. The significant assets of these intra-Group investment entities are interests in and receivables from portfolio companies.

The net income resulting from the shares in intra-Group investment entities includes the net change in the fair values of the interests in portfolio companies held via these vehicles, following deductions for **carried interest** on the change in value in the **co-investment vehicles** of DBAG Fund V and **DBAG ECF**. In addition, this item includes the net returns from the disposal of portfolio companies from DBAG Fund V and DBAG Fund VI, as well as interest income and dividend income from various investments.

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

International fund investments pertain to one (previous year: one) investment by DBAG in an international fund. The international fund investment was entered into in April 2001 in order to geographically diversify financial assets more strongly. The fund in question is not managed by DBAG. The second international fund investment that was reported here prior to the adjustment pursuant to IFRS 10 is now included in the **net asset value** of DBG mbH (see note 3).

Other financial assets include subsidiaries that do not provide investment-related services.

For further information on the net result of investment activity, we refer to the management report (see pages 86f).

10. Fee income from fund management and advisory services

€'000	2016/2017	2015/2016
		Restated
DBG Fonds III	0	2
DBAG Fund V	2,554	3,943
DBAG ECF	522	349
DBAG Fund VI	11,337	14,000
DBAG Fund VII	12,582	0
Other	52	47
	27,047	18,341

Management and advisory fee income stems from the management and advising of private equity funds alongside which Deutsche Beteiligungs AG co-invests (see commentary in note 38).

The fee income from DBAG Fund V and DBAG Fund VI dropped following divestments over the last twelve months.

For further information on fee income from fund management and advisory services, we refer to the management report (see page 86f.).

11. Personnel costs

€'000	2016/2017	2015/2016
		Restated
Wages and salaries		
Fixed salary and fringe benefits	9,358	9,061
Variable remuneration, performance-related	8,193	6,710
Variable remuneration, transaction-related	1,793	(979)
	19,344	14,792
Social contributions and expenses for pension plans		
Social contributions	750	642
Voluntary pension plans	649	621
	1,399	1,263
	20,743	16,055

Performance-related income components comprise bonuses to which the Board of Management is entitled and variable income components for DBAG staff. Please refer to the remuneration report (see the management report, pages 224ff.) for information on bonuses for the Board of Management.

For members of the investment team, the performance-related variable remuneration scheme is for the purpose of acknowledging personal contributions to DBAG's long-term success (see the management report, "Remuneration: participation in company success", page 105f.). Since the financial year 2016/2017, all other employees of the [corporate functions](#) have also had the opportunity to participate in the Company's success.

Transaction-related variable remuneration for current and former Board members and employees of the investment team relates to profit sharing schemes for investments agreed up to 31 December 2000 (return on equity bonus) and investments entered into from 2001 to 2006 (TP2001 bonus). We refer to the remuneration report, page 224ff.

Of the social contributions and pension expenses, 558 thousand euros (previous year: 533 thousand euros) were attributable to pension plans. The employer's contributions to state

pension plans have been allocated to social contributions, not to expenses for pension plans.

Number of employees (without Board of Management members):

	30 Sept. 2017	30 Sept. 2016
Employees (full-time)	54	50
Employees (part-time)	7	6
Apprentices	6	7

The Board of Management consisted of three members at the end of financial year 2016/2017 (previous year: three members).

In financial year 2016/2017, an average of 61 employees (previous year: 54) and six apprentices (previous year: six) were employed at Deutsche Beteiligungs AG.

12. Other operating income

€'000	2016/2017	2015/2016
		Restated
Reimbursed expenses	3,540	5,745
Income from positions held on supervisory boards and advisory councils	238	268
Income arising from disposal of financial assets classed as current assets	218	0
Gains on disposal of long and short-term securities	200	67
Income from the reversal of provisions	98	307
Other	312	284
	4,605	6,672

Reimbursed expenses comprise advances on behalf of [DBAG funds](#) and/or portfolio companies. The drop in reimbursed expenses corresponds with the decrease in transaction-related consultancy expenses (see note 13).

The gains arising from disposals of financial assets classed as current assets include income from fixed-term participation rights that DBAG had subscribed to as part of the structuring of an investment.

In the financial year 2016/2017, DBAG disposed of one security, which resulted in the gains on the disposal of long and short-term securities.

13. Other operating expenses

€'000	2016/2017	2015/2016 Restated
Transaction-related consultancy expenses	3,341	5,896
Expenses for new contacts	958	1,532
Other consultancy expenses	863	1,485
Auditing and tax consultancy expenses	1,196	1,011
Consultancy expenses	6,358	9,925
Travel and hospitality expenses	1,097	992
Office rental expenses	1,082	1,077
Corporate communications, investor relations, media relations	1,008	879
Value-added tax	910	794
Depreciation and amortisation of property, plant and equipment and intangible assets	714	674
Stock market listing	597	519
External employees	554	202
Maintenance costs for hardware and software	449	189
Other personnel costs	443	567
Supervisory Board remuneration	406	407
Fund investor relations	123	1,930
Other	607	392
	14,349	18,549

The drop in transaction-related consultancy expenses corresponds with the decrease in reimbursed expenses (see note 12).

The expenses for premises relate primarily to office rent.

The "VAT" item relates to non-deductible input tax based on transactions that are not taxable.

The expenses for external staff include the cost of agency workers to cover illness-related employee absences and employees on parental leave.

The "other personnel expenses" include expenses for recruitment costs and further training measures for employees.

"Other" consists of miscellaneous operating expenses, in particular motor vehicles, insurance and offices supplies.

14. Interest income

€'000	2016/2017	2015/2016 Restated
Other financial instruments	127	0
Securities	0	4
Tax authorities	10	17
Other	18	50
	154	71

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

€'000	2016/2017	2015/2016 Restated
Other financial instruments	127	0
Available-for-sale financial assets	0	4
Loans and receivables	27	67
	154	71

15. Interest expenses

€'000	2016/2017	2015/2016 Restated
Interest expenses for pension provisions	312	667
Expected interest income on plan assets	(196)	(494)
Net interest on net defined benefit liability	116	174
Securities	5	0
Tax authorities	0	16
Other	435	398
	556	587

The interest income on plan assets is calculated using the same discount rate that is used for determining the present value of pension obligations. For information on the parameters used for the two components of the net interest on the net defined benefit liability, we refer to note 28.

The other interest expenses, totalling 435 thousand euros (previous year: 398 thousand euros), relate primarily to the annual availability fee for the credit facility in the amount of 50 thousand euros, which was paid in December 2015.

16. Income taxes

€'000	2016/2017	2015/2016
		Restated
Current taxes	1	(168)
Deferred taxes	0	0
	1	(168)

Current taxes in the previous year largely result from a corporation tax refund of 159 thousand euros for the assessment period of 2013.

Deferred taxes take into account the occurrence or reversal of temporary differences between the IFRS carrying amounts and the tax purpose-based carrying amounts of assets and liabilities. Temporary differences primarily exist for financial assets and pension provisions. This financial year, the Group companies have for the most part recorded a surplus in deferred tax assets that largely originated from existing loss carryforwards. Based on the type of business activities and their applicable tax treatment, it is not probable that sufficient taxable profit will be available against which they can be utilised. These deferred tax assets were therefore not capitalised. At 30 September 2017, there were neither deferred income tax assets nor deferred income tax liabilities taken directly to equity.

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

€'000	2016/2017	2015/2016
		Restated
Earnings before tax	90,430	49,321
Applicable corporate tax rate %	31,925	31,925
Theoretical tax income/expenses	28,870	15,746
Change in theoretical tax income/expenses:		
(Tax-exempt) positive net earnings from valuation and disposal	(3,983)	(17,755)
Negative earnings from valuation and disposal	23,107	2,256
Other untaxed losses from the current year (poor recoverability)	4,176	2,820
Use of tax loss carryforwards for current year	0	(44)
Change in temporary differences where deferred taxes were not recognised (poor recoverability)	2,565	1,453
Current income from investments	(55,136)	(4,695)
Non-deductible expenses	50	36
Taxes from previous years	0	169
Tax rate differential	0	0
Other effects	351	182
Income taxes	(1)	168
Taxation ratio %	0.00	0.34

A main pillar of DBAG's business is the acquisition and disposal of investments alongside the DBAG funds. The investments largely relate to corporate enterprises. The tax effect in accordance with § 8b German Corporation Tax Act (KStG) for the (positive) net result of valuation and disposal totals 3,983 thousand euros (previous year: 17,755 thousand euros).

Based on existing Group budgets, deferred taxes arising from temporary differences between the IFRS and tax purpose-based carrying amounts were not recognised at Group level due to lack of recoverability.

The expected tax rate for corporations is composed of corporation tax and a solidarity surcharge (15.825 percent) as well as municipal trade tax (16.10 percent). The tax rate for Deutsche Beteiligungs AG is unchanged at 15.825 percent. As an equity investment company, DBAG is exempt from municipal trade tax.

Notes to the consolidated statement of financial position

17. Intangible assets/property, plant and equipment

€'000	Acquisition cost			30 Sept. 2017
	1 Oct. 2016	Additions	Disposals	
Intangible assets	1,065	130	0	1,196
Property, plant and equipment	1,485	441	316	1,610
	2,550	571	316	2,806

€'000	Depreciation and amortisation			Carrying amount		
	1 Oct. 2016	Additions	Disposals	30 Sept. 2017	30 Sept. 2017	30 Sept. 2016
Intangible assets	220	284	0	503	693	846
Property, plant and equipment	250	431	200	481	1,129	1,235
	469	714	200	984	1,822	2,081

€'000	Acquisition cost			30 Sept. 2016
	1 Oct. 2015	Additions	Disposals	
Intangible assets	1,022	449	0	1,471
Property, plant and equipment	2,779	610	320	3,069
	3,801	1,059	320	4,540

€'000	Depreciation and amortisation			Carrying amount		
	1 Oct. 2015	Additions	Disposals	30 Sept. 2016	30 Sept. 2016	30 Sept. 2015
Intangible assets	406	220	0	625	846	616
Property, plant and equipment	1,588	454	208	1,834	1,235	1,191
	1,993	674	208	2,459	2,081	1,807

Intangible assets were exclusively acquired against payment.

Depreciation and amortisation in the reporting year exclusively relate to regular depreciation.

18. Financial assets

€'000	30 Sept. 2017	30 Sept. 2016
		Restated
Interests in intra-Group investment entities	254,917	289,600
Interests in portfolio companies	5,301	21,888
International fund investments	974	2,093
Other financial assets	77	64
	261,267	313,646

- Financial assets are measured at **fair value** in profit or loss (see notes 6 and 9).

This item exhibited the following movements in the reporting year:

€'000	1 Oct. 2016	Additions	Disposals	Value movements	30 Sept. 2017
Interests in intra-Group investment entities	289,600	54,764	46,162	(43,284)	254,917
Interests in portfolio companies	21,888	0	17,050	462	5,301
International fund investments	2,093	0	0	(1,120)	974
Other financial assets	64	30	8	(10)	77
	313,646	54,793	63,220	(43,952)	261,267

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

The additions in intra-Group investment entities relate to investments in portfolio companies and capital calls for management fees (see management report, pages 81ff.).

The disposals in intra-Group investment entities result from distributions stemming from disposals of portfolio companies and repayments of shareholder loans or **bridge-over loans** that were extended to portfolio companies.

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

For further information on financial assets, we refer to the management report (see pages 81ff.)

19. Loans and receivables

€'000	2016/2017	2015/2016
At start of financial year	2,695	2,494
Additions	0	2,849
Disposals	0	2,669
Reclassifications	(1,253)	0
Value movements	(105)	22
At end of financial year	1,338	2,695

The receivables were reclassified because the residual term for part of the remaining balance of a purchase price receivable in connection with the sale of the investment in Clyde Bergemann GmbH now amounts to less than one year. The changes in value are the result of currency rate changes.

20. Receivables

€'000	30 Sept. 2017	30 Sept. 2016
		Restated
Receivables from associates	1,244	141
Receivables from portfolio companies	2,405	2,936
	3,649	3,077

Receivables from associates mainly pertain to two **co-investment** vehicles for management fees and costs that were charged on.

Receivables from portfolio companies largely relate to receivables from a clearing account with one portfolio company.

These receivables are not recognised at fair value in profit or loss but are instead subject to an impairment test at every reporting date (see note 6).

21. Securities

Securities held at 30 September 2017 were exclusively acquired as investments of cash and cash equivalents not immediately required.

Classification of securities by term:

€'000	30 Sept. 2017	30 Sept. 2016
Long-term securities	33,659	21,279
Short-term securities	0	0
	33,659	21,279

Classification of securities by type:

€'000	30 Sept. 2017	30 Sept. 2016
Fixed-rate securities	33,659	21,279
	33,659	21,279

Classification of securities by residual term:

€'000	30 Sept. 2017	30 Sept. 2016
Due between 1 and 2 years	7,234	0
Due between 2 and 3 years	2,727	5,321
Due between 3 and 4 years	8,095	10,563
Due between 4 and 5 years	10,598	5,395
Due > 5 years	5,006	0
	33,659	21,279

All securities have been designated to the category of "available-for-sale financial assets" (see note 6).

The change in fair value of -585 thousand euros (previous year: 126 thousand euros) is recognised in the consolidated statement of comprehensive income in "Unrealised gains/ (losses) on available-for-sale securities". A loss totalling 284 thousand euros (previous year: a loss of 85 thousand euros), arising from disposals of securities from this category in the reporting year, was reclassified to net income.

22. Other financial instruments

€'000	30 Sept. 2017	30 Sept. 2016
Loans granted to associates	35,649	0
	35,649	0

Loans granted to associates include 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.

23. Tax assets, tax provisions and deferred taxes

€'000	30 Sept. 2017	30 Sept. 2016
		Restated
Tax assets		
Other non-current assets	0	0
Income tax assets	423	2,247
Tax provisions	0	0

Income tax assets contain imputable taxes for the financial year 2016/2017 and the previous year. The drop is largely due to the corporation tax refund of 2,006 thousand euros for the 2015 assessment period received from the tax authorities.

Deferred tax assets and liabilities are offset in conformity with IAS 12.74. There were no deferred tax liabilities in 2016/2017 or in the preceding year.

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

€'000	30 Sept. 2017	30 Sept. 2016
		Restated
Tax loss carryforward, corporation tax	92,276	72,413
thereof usable	0	0
Tax loss carryforward, municipal trade tax	15,128	13,354
thereof usable	0	0

Due to the type of business activities and their applicable tax treatment, it is not probable that sufficient taxable profit will be available at the relevant Group companies against which the tax loss carryforwards can be utilised.

24. Other current assets

€'000	30 Sept. 2017	30 Sept. 2016
		Restated
Receivables from reimbursable costs	761	4,492
Receivables from management and advisory services	4,834	1,581
Receivables from DBAG funds	5,595	6,073
Lease security deposits	405	405
Interest receivable on securities	279	165
Value-added tax	154	781
Purchase price retention	101	37
Other receivables	92	1,221
	6,624	8,682

The receivables from management and advisory services mainly relate to DBAG Fund VII.

Value-added tax pertains to outstanding refunds of input tax credits.

The purchase price retention covers possible representation and warranty risks from the divestment of a portfolio company.

Other receivables contain prepaid expenses.

25. Equity

Subscribed capital/number of shares outstanding

€'000	2016/2017	2015/2016
At start of financial year	53,387	48,533
Additions	0	4,853
At end of financial year	53,387	53,387

All shares in Deutsche Beteiligungs AG are no-par value registered shares in financial year 2016/2017. Each share is entitled to one vote.

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

The subscribed capital (share capital) is split into 15,043,994 no-par value shares. Arithmetically, the capital attributable to each share equals approximately 3.55 euros per share.

Sale of own shares to employees and retirees

The Company offers employees and retirees of Deutsche Beteiligungs AG and of a subsidiary an employee share purchase plan at preferential terms, which is orientated around tax legislation and limits. The following depicts the transactions involving own shares in financial year 2016/2017:

	Purchase/ sales price per share	Number of shares	Proportion of share capital	
	€		€'000	‰
At 1 Oct. 2016	0	0	0	0.0
Additions	41.74	4,582	16	0.3
Transfer	29.17	2,725	10	0.2
Disposals	38.83	1,857	7	0.1
At 30 Sept. 2017	0.00	0	0	0.0

Authorised Capital

Shareholders at the Annual Meeting on 22 February 2017 authorised the Board of Management to raise the share capital of the Company, with the consent of the Supervisory Board, until 21 February 2022 by up to a total of 13,346,664.33 euros through one or more issues of new no-par registered shares in exchange for cash or non-cash contributions (Authorised Capital 2017). The number of shares in that context must be increased proportionately to the share capital. In the past financial year, the Board of Management did not make use of this authorisation.

Purchase of own shares

The Board of Management is authorised, with the consent of the Supervisory Board, to purchase own shares in the period until 24 February 2021 of up to 10 percent of the share capital at the time of the Annual Meeting on 25 February 2016 (48,533,334.20 euros) – or, in the event that this value is lower – of the share capital at the time the authorisation is exercised, for purposes other than trading in own shares.

Conditional Capital

The Board of Management is authorised, with the consent of the Supervisory Board, to issue, by one or in several issues, bearer or registered warrant-linked bonds and/or convertible bonds (jointly referred to as "bonds") in the period until 21 February 2022 with or without a maturity cap for a total nominal amount of up to 140,000,000.00 euros. It is also authorised to grant holders of warrant-linked bonds warrants, and the holders or creditors of convertible bonds conversion rights (or conversion obligations, if applicable), to registered shares in the Company with a proportionate share in the share capital of up to 13,346,664.33 euros under the conditions specified for the warrant-linked bonds or convertible bonds (jointly referred to as "bond conditions").

In addition to euros, the bonds may also be denominated in an official currency of an OECD country, limited to the equivalent amount in euros.

The bonds may also be issued by affiliates in which the Company directly or indirectly holds a majority. In such an event, the Board of Management shall be authorised, with the consent of the Supervisory Board, to guarantee for the bonds and to grant the holders and/or creditors of such bonds option or conversion rights to no-par registered shares in the Company.

Capital reserve

€'000	2016/2017	2015/2016
At start of financial year	173,762	141,394
Additions	0	32,368
At end of financial year	173,762	173,762

The capital reserve comprises, unchanged, amounts achieved in the issuance of shares in excess of the nominal value.

Retained earnings and other reserves

Retained earnings and other reserves comprise:

- the legal reserve, as stipulated by German stock corporation law,
- first-time adopter effects from the IFRS opening balance at 1 November 2003,
- provisions for actuarial gains/losses arising from defined benefit pension obligations/plan assets (see note 28) and

- unrealised gains/losses on available-for-sale securities (see note 21).

Net income for the year

At the ordinary Annual Meeting on 22 February 2017, shareholders voted to use the retained profit for the financial year 2015/2016 of 55,614,059.39 euros to pay a dividend of 1.20 euros per no-par value share on the 15,043,994 dividend-carrying shares. The residual amount of 37,561,266.59 euros was carried forward to the new account.

€'000	2016/2017	2015/2016
Distribution sum	18,052,792.80	13,676,359.00

In its separate accounts at 30 September 2017, which are consistent with the German Commercial Code (HGB), the retained profit of Deutsche Beteiligungs AG amounts to 181,903,759.71 euros (previous year: 55,614,059.39 euros).

At the forthcoming Annual Meeting, the Board of Management and the Supervisory Board will recommend paying a dividend of 1.40 euros per share for financial year 2016/2017.

In Germany, dividends paid to shareholding corporations are subject to a corporation tax rate of 5 percent plus a solidarity surcharge and, to the same extent, municipal trade tax, insofar as these do not relate to free-floating investments (i.e. interests of less than 15 percent). Dividends earned by natural persons are subject to a flat rate withholding tax (Abgeltungssteuer) of 25 percent plus a solidarity surcharge and, if applicable, church tax, which the dividend-paying company pays directly to the taxation authority.

26. Minority interest

€'000	2016/2017	2015/2016
At start of financial year	127	121
Additions	0	0
Disposals	16	23
Profit share	37	30
At end of financial year	148	127

"Minority interest" includes capital and earnings shares of shareholders from outside of the Group. Minority interest relates to DBG Managing Partner GmbH & Co. KG, DBG

Advising GmbH & Co. KG, DBG Management GP (Guernsey) Ltd., DBG Fund VI GP (Guernsey) LP, AIFM-DBG Fund VII Management (Guernsey) LP and European PE Opportunity Manager LP.

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

€'000	2016/2017	2015/2016
At start of financial year	26	25
Additions	0	0
Disposals	0	0
Profit share	0	0
At end of financial year	26	26

Minority interest attributable to DBG Management GP (Guernsey) Ltd. (DBAG Fund VI) developed as follows:

€'000	2016/2017	2015/2016
At start of financial year	102	83
Additions	0	0
Disposals	0	0
Profit share	15	19
At end of financial year	117	102

Minority interest attributable to DBG Fund VI GP (Guernsey) LP (DBAG Fund VI) developed as follows:

€'000	2016/2017	2015/2016
At start of financial year	0	13
Additions	0	0
Disposals	10	23
Profit share	11	10
At end of financial year	2	0

Minority interest attributable to AIFM-DBG Fund VII Management (Guernsey) LP developed as follows:

€'000	2016/2017	2015/2016
At start of financial year	0	0
Additions	0	0
Disposals	7	0
Profit share	11	0
At end of financial year	4	0

27. Other provisions

€'000	1 Oct. 2016	Utilisation	Reversals	Additions	30 Sept. 2017
Personnel-related commitments	12,490	9,985	44	10,658	13,119
Auditing and review expenses	315	306	0	368	377
Expert opinions and other consultancy services	37	22	15	338	338
Costs for Annual Report and Annual Meeting	281	281	0	358	358
Consultancy expenses	2,250	2,245	5	53	53
Financial assets	37	0	0	0	37
Other	1,926	1,790	77	476	536
	17,336	14,629	141	12,251	14,818

Provisions for personnel-related commitments chiefly consist of performance-linked emoluments of 10,988 thousand euros (previous year: 11,005 thousand euros). These pertain to members of the Board of Management and staff of Deutsche Beteiligungs AG. For more information on the Board of Management's remuneration, please refer to the remuneration report, which is an integral part of the management report. Since the financial year 2014/2015, the performance-linked compensation scheme for members of the investment team has been oriented around new investments entered into, **portfolio** performance and profitable realisations. For other staff, the scheme is oriented around the Company's performance and personal performance. At 30 September 2017, provisions of 8,165 thousand euros (previous year: 6,970 thousand euros) pertain to performance-related emoluments for the past financial year. Another 2,822 thousand euros (previous year: 4,035 thousand euros) relate to variable income components for active and former members of the investment team (including Board of Management members) based on older schemes that no longer apply, for which provisions have been made since the 2005/2006 financial year (for a description of these schemes, see remuneration report, page 224f.). In the reporting year, 3,006 thousand euros thereof were paid out and an amount totalling 1 thousand euros was reversed, since the conditions for entitlement were no longer fulfilled.

The provisions for expert opinions and other advisory services relate to advisory expenses associated with regulatory requirements.

The provisions for financial assets include representation and warranty commitments and transaction costs that incur on disposals of portfolio companies.

The "other" category includes, in particular, provisions for tax advisory expenses, external staff and events.

There are no non-current provisions at 30 September 2017.

28. Pension obligations and plan assets

The disclosure in the statement of financial position has been derived as follows:

€'000	30 Sept. 2017	30 Sept. 2016
		Restated
Present value of pension obligations	35,831	39,536
Fair value of plan assets	(24,508)	(24,460)
Provisions for pension obligations	11,323	15,076

The present value of pension obligations developed as follows:

€'000	2016/2017	2015/2016
		Restated
Present value of pension obligations at start of financial year	39,536	32,413
Interest expenses	312	667
Service cost	473	442
Benefits paid	(833)	(838)
Actuarial gains (-)/losses (+)	(3,657)	6,850
Present value of pension obligations at end of financial year	35,831	39,536

The present value of pension obligations on the reporting date is calculated based on an expert actuarial opinion. The expert opinion is based on the following actuarial assumptions:

	30 Sept. 2017	30 Sept. 2016
Actuarial rate	% 1.55	0.80
Salary trend (incl. career trend)	% 2.50	2.50
Pensions trend	% 2.00	2.00
Life expectancy based on modified actuarial charts created by Dr Klaus Heubeck	2005G	2005G
Increase in income threshold for state pension plan	% 2.00	2.00

The actuarial rate is calculated using the i-boxx corporate AA10+ interest rate index, which is calculated based on interest rates for long-term bonds of issuers with the highest credit ratings.

The life expectancy assumptions are based on the 2005 G actuarial life tables by Dr Klaus Heubeck. They were modified as per 31 October 2013 to account for the particularities of the beneficiaries of the DBAG Group's defined benefit plans and individual defined benefit commitments. A comparison with similar groups of individuals revealed an average longer life expectancy of three years for the DBAG scheme members and beneficiaries.

At 30 September 2017, the weighted average term of defined benefit obligations was 14.3 years (previous year: 15.7 years).

Plan assets developed as follows over the past financial year:

€'000	2016/2017	2015/2016
		Restated
Fair value of plan assets at start of financial year	24,460	23,727
Expected interest income	196	494
Gains (+)/losses (-) from the difference between actual and expected returns on plan assets	(147)	239
Fair value of plan assets at end of financial year	24,508	24,460

The following amounts were reported in net income:

€'000	2016/2017	2015/2016
		Restated
Service cost	473	442
Interest expenses	312	667
Expected interest income on plan assets	(196)	(494)
	589	616

The net amount of interest expenses and expected interest income on plan assets is recognised in the item "interest expenses".

"Gains/(losses) on remeasurements of the net defined benefit liability (asset)" recognised in other comprehensive income developed as follows in financial year 2016/2017:

€'000	2016/2017	2015/2016
		Restated
Actuarial gains (+)/losses (-) at start of financial year	(25,115)	(18,504)
Gains (+)/losses (-) from the difference between actual and expected returns on plan assets	(147)	239
Gains (+)/losses (-) from experience-related changes	3,657	(6,850)
Actuarial gains (+)/losses (-) at end of financial year	(21,605)	(25,115)

The loss of 147 thousand euros in the financial year 2016/2017 (previous year: gain of 239 thousand euros) results from the increase in the fair value of plan assets as well as application of the same discount rate that is also used in determining the present value of pension obligations.

The gain from experience-related changes of 3,657 thousand euros (previous year: loss of 6,850 thousand euros) largely results from the significant increase in the actuarial rate as compared with the previous year.

Amount, timing and uncertainty of future cash flows

The DBAG Group is exposed to risk arising from pension obligations for defined benefit plans and individual defined benefit commitments. Risk exposure particularly extends to changes in the present value of pension obligations and in the fair value trend of plan assets.

Changes in the present value of pension obligations result in particular from changes in actuarial assumptions. The actuarial rate and life expectancy exert a significant influence on the present value. The actuarial rate is subject to (market) interest rate risk. A change in average life expectancy impacts the length of pension payments and, consequently, the liquidity risk. Based on reasonable estimates, possible changes in these two actuarial parameters would have the following impact on the present value of pension obligations:

€'000	30 Sept. 2017	30 Sept. 2016
		Restated
Actuarial rate		
Increase by 50 bps	(2,471)	(2,989)
Decrease by 50 bps	2,776	3,385
Average life expectancy		
Increase by 1 year	(1,200)	(1,466)
Decrease by 1 year	1,222	1,445

The sensitivity analysis shown above is based on a change in one parameter, while all others remain constant.

Since February 2015, the plan assets have been invested in a special fund. This special fund has an unlimited term and is administrated based on a capital investment strategy with a long-term orientation and capital preservation. The investment strategy is aimed at generating returns that at least correspond to the actuarial rate.

Depending on the asset class, the performance of the special fund is exposed to (market) interest rate risk (interest-bearing securities) or (market) price risk (shares). If the market interest rate for interest-bearing securities rises (falls), the present value of pension obligations will rise (fall). If the market interest rate for interest-bearing securities rises (falls), the present value of pension obligations will rise (fall).

Like interest-bearing securities, the present value of pension obligations depends on the (market) interest rate risk. If the market interest rate for interest-bearing securities rises (falls), the present value of pension obligations will fall (rise).

As for the past three prior years, current budgetary planning for the financial year 2016/2017 does not provide for allocations to plan assets.

29. Other current liabilities

Other current liabilities of 1,233 thousand euros (previous year: 2,000 thousand euros) relate to liabilities arising on wage tax and other liabilities. The drop compared to the prior year largely results from open accounts at 30 September 2016 in connection with the launch of DBAG Fund VII.

30. Other financial commitments

Other financial commitments are detailed by call commitments and permanent debt obligations in the following nominal amounts:

€'000	30 Sept. 2017	30 Sept. 2016
Call commitments	2,495	2,546
Permanent debt obligations	3,116	3,588
	5,611	6,134

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

The following provides an overview of the due dates of permanent debt obligations at 30 September 2017:

€'000	< 1 year	1–5 years	> 5 years	Total
Permanent debt obligations	967	2,149	0	3,116
thereof rental contracts	783	2,089	0	2,872

Permanent debt obligations pertain, in particular, to office rental for the premises on Börsenstrasse 1 in Frankfurt am Main, Germany. The non-terminable office rental contract began on 1 August 2011 and runs until 31 May 2021. Deutsche Beteiligungs AG is entitled to renew the rental contract twice for a period of five years each time.

As in the previous year, there were no **CONTINGENT LIABILITIES** at 30 September 2017.

TRUST ASSETS totalled 16,146 thousand euros at 30 September 2017 (at start of financial year: 8,777 thousand euros).

13,208 thousand euros of this amount (previous year: 1,481 thousand euros) is attributable to the management of trust accounts for purchase price settlement and interests in two portfolio companies that are held by Group companies for two managed funds, 2,933 thousand euros (previous year: 7,292 thousand euros). Trust liabilities exist in an equivalent amount. DBAG does not achieve income from trustee activities.

31. Notes to the consolidated statement of cash flows

The objective of consolidated statements of cash flows based on IAS 7 is to report on and create transparency in a group's relevant flows of cash. Cash flows are differentiated according to operating activities as well as investing and financing activities. The indirect presentation method was applied for cash flows from operating activities. Cash flows from investment activities are presented by the direct method.

Proceeds and payments relating to financial assets and to loans and receivables are recorded in cash flows from investing activities instead of in cash flows from operating activities, since this classification gives a truer representation of DBAG's business model.

Proceeds and payments arising on interest are presented in cash flows from operating activities.

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

Cash funds at the beginning and end of the period existed in the form of cash deposits in banks.

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

Other disclosures

32. Financial risk disclosures

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

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

32.1 Market risk

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

32.1.1 Currency risk

The DBAG Group's exposure to currency risk relates to investments that are denominated in British pounds sterling, Swiss francs or US dollars and in which future returns will be made in a foreign currency. Currency risk exposure arising from these investments concerns future proceeds from these portfolio companies and, consequently, also their fair value. Changes in exchange rates also have an influence on the operations and competitiveness of our portfolio companies in respect of their procurement and customer markets. The extent of that impact would depend in particular on the portfolio companies' individual value-creation structure and degree of internationalisation.

Currency risk management

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

Extent of currency risk

The item "Financial assets" contains financial instruments amounting to 10,622 thousand euros (previous year: 4,423 thousand euros) that are exposed to US dollar currency rate risk. Financial assets totalling 7,972 thousand euros (previous year: 6,592 thousand euros) are subject to a Swiss franc exchange rate risk, with an amount of 2,137 thousand euros (previous year: 0 thousand euros) subject to an exchange rate risk against the British pound. The effects on income arising from exchange rate-related changes in the fair value of financial assets amounted to -1,090 thousand euros (previous year: +20 thousand euros).

Exchange rate sensitivity

An increase/decrease in the euro/US dollar exchange rate by 10 percent would result in an exchange rate-related decrease/increase in net income for the year and in the equity of the DBAG Group of 2,073 thousand euros (previous year: 1,102 thousand euros).

32.1.2 Interest risk

Changes in market interest rates directly affect income from investments of financial resources and the valuations of our portfolio companies measured by the [discounted cash flow method](#). Changes in market interest rates also have an influence on the profitability of portfolio companies. ▶

Interest rate risk management

Financial resources are principally invested with a short-term horizon. Interest derivatives to hedge a certain interest rate level are not used, since the amount of financial resources is subject to strong fluctuations and not reliably predictable.

Extent of interest rate risk

Financial resources (the sum of cash funds and interest-bearing securities) totalled 161,634 thousand euros (previous year: 78,575 thousand euros). There was no interest income from the investment (previous year: 4 thousand euros).

Interest rate sensitivity

In relation to the portfolio companies valued by the discounted cash flow method, an increase/decrease of 100 basis points in the reference interest rate would result in a decrease/increase in net income for the year and in the equity of the DBAG Group of 1,881 thousand euros (previous year: 1,394 thousand euros). At 30 September 2017, the DBAG Group did not hold variable-interest securities (previous year: 0 thousand euros); a change in the reference interest rate of 100 basis points therefore had no effect on variable-interest securities (previous year: 0 thousand euros).

32.1.3 Other price risks

Exposure to other price risk primarily exists in future valuations of the interests in [co-investment vehicles](#) and portfolio companies. These are measured at fair value. Valuation changes are recognised directly in the consolidated statement of comprehensive income. For details on the risk management system, we refer to the commentary in the combined management report in the section "Opportunities and risks".

Other price risk management

The Board of Management constantly monitors the market risk inherent in the portfolio companies held directly or through co-investment vehicles. Towards that end, the DBAG Group receives reports on the portfolio companies' course of business on a timely basis. Board of Management members or other members of the investment team hold offices on supervisory or advisory boards of portfolio companies. Additionally, the responsible investment team members monitor the progress of portfolio companies through formally implemented processes.

Extent of other price risks

Based on the measurement of financial assets at fair value in profit or loss, valuation movements in a period are directly recognised in the consolidated statement of comprehensive income. In the financial year 2016/2017, the net result of valuation was 25,087 thousand euros (previous year: 51,534 thousand euros).

Other price risk sensitivity

The valuation of portfolio companies is influenced by a number of factors that relate to the financial markets on the one hand, and to the markets in which the portfolio companies operate on the other. These influential factors include valuation multiples, earnings and debt of the portfolio companies. The sensitivity of the valuation is largely determined by the multiples used to measure the fair value of financial instruments categorised in Level 3. A change in the multiples of +/- 0.1 would have an effect ceteris paribus of 1,677 thousand euros on the fair value of financial instruments categorised in Level 3 (previous year: 3,069 thousand euros) (see note 33.2 and note 8, based on a change of +/-1).

32.2 Liquidity risk

There is currently no recognisable exposure to liquidity risk for the DBAG Group. Free cash funds amounted to 127,975 thousand euros (previous year: 51,361 thousand euros). Together with general government securities or securities of issuers with highest ratings totalling 33,659 thousand euros (previous year: 21,279 thousand euros) and an existing credit facility of 50,000 thousand euros, the DBAG Group has financial resources that amount to 211,634 thousand euros (previous year: 122,640 thousand euros). The co-investment agreements with those [DBAG funds](#) that are currently investing amount to 253,745 thousand euros (previous year: 278,241 thousand euros). It is assumed that we will be able to cover the shortfall on the reporting date using cash inflows from realisations of portfolio companies.

It is assumed that the securities are saleable at short notice, if necessary, and without any appreciable price loss, due to the issuers' very good ratings and the securities' short duration. Other current liabilities fall due within one year.

32.3 Credit/default risk

Extent of credit/default risk

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

€'000	30 Sept. 2017	30 Sept. 2016 Restated
Financial assets	261,267	313,646
thereof hybrid financial instruments	0	0
thereof primary financial instruments	261,267	313,646
Loans and receivables	1,338	2,695
Receivables	3,649	2,167
Securities	33,659	21,279
Cash and cash equivalents	127,976	51,361
Other financial instruments	35,649	0
Other current assets, if financial instruments	5,737	7,688
	469,273	398,836

Credit/default risk management

Financial assets: Deutscheeteiligungs AG addresses the risk of default through a comprehensive risk monitoring system, which is described in the review of individual risk factors in the combined management report.

Loans and receivables: Debtors are either current portfolio companies or parts of former portfolio companies. Deutscheeteiligungs AG is kept informed regularly and promptly about the course of business of debtor companies. If there is evidence that debtors may fail to meet obligations, they are asked to promptly propose and implement measures that will put them in a position to meet their obligations.

Receivables: See previous statement on loans and receivables.

Securities: This item contains German public-sector bonds and Pfandbrief bonds with a rating based on Moody's or Standard and Poor's of at least A. Based on the issuers' credit rating and the securitised mortgages, we assume that the credit risk to which these securities are exposed is small.

Cash and cash equivalents: Cash funds of Deutscheeteiligungs AG are held in deposits with German banking institutions. The deposits are integrated in the respective banks' protection systems.

Other current assets: Debtors are regularly the DBAG funds of Deutscheeteiligungs AG and managers of portfolio companies. Payment obligations by DBAG funds can be met by capital calls directed to their investors.

33. Financial instruments

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

33.1 Classes of financial instruments

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

Financial instruments have been designated to the following categories:

VALUATION CATEGORY

€'000	Carrying amount 30 Sept. 2017	Fair value 30 Sept. 2017	Carrying amount 30 Sept. 2016	Fair value 30 Sept. 2016
			Restated	Restated
Financial assets at fair value in profit or loss				
Financial assets	261,267	261,267	313,646	313,646
thereof hybrid financial instruments	0	0	0	0
thereof primary financial instruments	261,267	261,267	313,646	313,646
	261,267	261,267	313,646	313,646
Available-for-sale financial assets				
Long-term securities	33,659	33,659	21,279	21,279
Short-term securities	0	0	0	0
	33,659	33,659	21,279	21,279
Loans and receivables				
Loans and receivables	1,338	1,338	2,695	2,695
Receivables	3,649	3,649	2,167	2,167
Other financial instruments	35,649	35,649	0	0
Cash and cash equivalents	127,976	127,976	51,361	51,361
Other current assets, if financial instruments ¹	6,541	6,541	7,132	7,132
	139,504	139,504	63,355	63,355
Other financial liabilities				
Minority interest	148	148	127	127

¹ Does not include prepaid expenses/deferred income, value-added tax receivables and other items of 82 thousand euros (previous year: 1,550 thousand euros)

There were no impairments to financial assets designated as loans and receivables recognised in the reporting year nor in the previous year.

Financial instruments in "Receivables" and "Other current assets" chiefly relate to portfolio companies and DBAG funds. Due to close relationships with obligors, due dates are negotiated in individual instances and mutually agreed. Quantitative data on past due financial instruments is therefore not disclosed. These financial instruments are mostly not hedged.

Impairments are recognised when there is objective evidence that the obligor will not be able to meet their payment obligations in the future (see note 6). An assessment of obligors' credit quality is derived from a regular exchange of information with the obligors.

33.2 Disclosures on the hierarchies of financial instruments

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

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

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

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

33.2.1 Hierarchy of financial instruments measured at fair value on a recurring basis

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Fair value 30 Sept. 2017	Level 1	Level 2	Level 3
Financial assets at fair value in profit or loss				
Financial assets	261,267	0	352	260,915
Available-for-sale financial assets				
Long-term securities	33,659	0	33,659	0
Short-term securities	0	0	0	0
	33,659	0	33,659	0
	294,926	0	34,011	260,915

ITEM IN STATEMENT OF FINANCIAL POSITION

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

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

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

For all financial instruments recognised in the statement of financial position at fair value at 30 September 2017 and the preceding financial year, fair value measurement is recurring.

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

Level 3 financial instruments are attributable to the following classes:

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Interests in intra-Group investment entities	Interests in portfolio companies	International fund investments	Other	Total
30 Sept. 2017					
Financial assets	254,917	4,948	974	77	260,915
30 Sept. 2016, restated					
Financial assets	289,600	21,536	2,093	64	313,293

Offsetting and reconciliation for Level 3 financial instruments:

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	1 Oct. 2016	Additions	Disposals	At fair value in profit or loss	30 Sept. 2017
Financial assets					
Interests in intra-Group investment entities	289,600	54,764	46,162	(43,284)	254,917
Interests in portfolio companies	21,536	0	17,050	462	4,948
International fund investments	2,093	0	0	(1,120)	974
Other	64	30	8	(10)	77
	313,293	54,793	63,220	(43,952)	260,915

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	1 Oct. 2015	Additions	Disposals	At fair value in profit or loss	30 Sept. 2016 Restated
Financial assets					
Interests in intra-Group investment entities	218,143	51,096	33,928	54,289	289,600
Interests in portfolio companies	33,623	0	8,473	(3,613)	21,536
International fund investments	1,609	0	186	671	2,093
Other	58	13	0	(6)	64
	253,432	51,108	42,588	51,340	313,293

The time of reclassification between Levels 1 and 3 corresponds to the date of the event or the change in circumstances that gave rise to the change in classification. There were no reclassifications between the levels during the reporting period.

Of the losses affecting net income totalling 43,952 thousand euros (previous year: 51,340 thousand euros), 43,952 thousand euros (previous year: 51,340 thousand euros) were recognised in "Net result of investment activity".

For Level 3 financial instruments at fair value, the possible ranges for unobservable inputs are as follows:

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Fair value 30 Sept. 2017	Valuation method	Unobservable parameter	Range
Financial assets				
Interests in intra-Group investment entities	254,917	Net asset value ¹	Average EBITDA/EBITA margin	3% to 40%
			Net debt ² to EBITDA	-4 to 6.4
			Multiples discount	0% to 20%
Interests in portfolio companies	4,948	Multiples method	Average EBITDA/EBITA margin	7%
			Net debt ² to EBITDA	2.7
			Multiples discount	0%
International fund investments	974	DCF	N/A	N/A
Other	77	Net asset value	N/A	N/A
	260,915			

1 The net asset value of the intra-Group investment entities is largely determined by the fair value of the interests in the portfolio companies and by the other assets and liabilities. If the multiples method is used for the interests in portfolio companies, the same unobservable inputs are used as those for calculating the fair value for "Interests in portfolio companies" (see information in note 6).

2 Net debt of the portfolio company

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Fair value 30 Sept. 2016	Valuation method	Unobservable parameter	Range
	Restated			
Financial assets				
Interests in intra-Group investment entities	289,600	Net asset value ¹	Average EBITDA/EBITA margin	2% to 35%
			Net debt ² to EBITDA	-1 to 6
			Multiples discount	0% to 30%
Interests in portfolio companies	21,536	Multiples method	Average EBITDA/EBITA margin	6% to 10%
			Net debt ² to EBITDA	1 to 3
			Multiples discount	0% to 0%
International fund investments	2,093	DCF	N/A	N/A
Other	64	Net asset value	N/A	N/A
	313,293			

1 See footnote 1 in the preceding table

2 See footnote 2 in the preceding table

By reasonable estimate, changes in unobservable inputs would have the following effects on fair value measurement of Level 3 financial assets:

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Fair value 30 Sept. 2017	Change in unobservable inputs		Change in fair value
Financial assets¹				
Interests in intra-Group investment entities	254,917	EBITDA and EBITA	+/- 10%	22,339
		Net debt	+/- 10%	8,317
		Multiples discount	+/- 5 percentage points	1,940
Interests in portfolio companies	4,948	EBITDA and EBITA	+/- 10%	734
		Net debt	+/- 10%	265
		Multiples discount	+/- 5 percentage points	0
International fund investments	974		N/A	N/A
Other	77		N/A	N/A
	260,915			

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 valued at their transaction price at the valuation date, in accordance with the IPEVG.

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Fair value 30 Sept. 2016 Restated	Change in unobservable inputs		Change in fair value
Financial assets¹				
Interests in intra-Group investment entities	289,600	EBITDA and EBITA	+/- 10%	26,102
		Net debt	+/- 10%	8,151
		Multiples discount	+/- 5 percentage points	6,464
Interests in portfolio companies	21,536	EBITDA and EBITA	+/- 10%	2,399
		Net debt	+/- 10%	370
		Multiples discount	+/- 5 percentage points	0
International fund investments	2,093		N/A	N/A
Other	64		N/A	N/A
	313,293			

1 See footnote 1 in the preceding table

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

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

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

The following net gains/losses on financial instruments recognised at fair value in the statement of financial position are contained in the consolidated statement of comprehensive income:

NET GAINS AND LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

€'000	2016/2017	Level 1	Level 2	Level 3	2015/2016	Level 1	Level 2	Level 3
					Restated			
Other operating income	200	0	200	0	67	0	67	0
Other operating expenses	(33)	0	(33)	0	(21)	0	(21)	0
Other income/expenses	167	0	167	0	46	0	46	0
Unrealised gains (+)/losses (-) on available-for-sale securities	(585)	0	(585)	0	126	0	126	0
thereof transfers from other comprehensive income to profit or loss	(284)	0	(284)	0	(85)	0	(85)	0
Net result of valuation and disposal	(300)	0	(300)	0	211	0	211	0
Interest income	(5)	0	0	0	4	0	0	0

NET GAINS AND LOSSES ON FINANCIAL ASSETS MEASURED AT FAIR VALUE IN PROFIT OR LOSS

€'000	2016/2017	Level 1	Level 2	Level 3	2015/2016	Level 1	Level 2	Level 3
					Restated			
Net result of investment activity	94,122	0	0	94,122	59,364	(7,743)	251	66,856
Other operating income	218	0	0	218	0	0	0	0
Other operating expenses	0	0	0	0	0	0	0	0
	94,339	0	0	94,339	59,364	0	0	59,364

Net gains and losses on financial assets that are measured at fair value in profit or loss result in full from financial assets that are measured at fair value in profit or loss upon initial recognition.

33.4 Net gains and losses on financial instruments recognised at amortised cost in the statement of financial position

Net gains and losses on financial instruments recognised at amortised cost in the statement of financial position largely comprise fee income from fund management and advisory services, consultancy expenses and reimbursable costs as well as interest.

€'000	2016/2017	Level 1	Level 2	Level 3	2015/2016	Level 1	Level 2	Level 3
					Restated			
Net result of investment activity	150	0	0	150	(277)	0	0	(277)
Fee income from fund management and advisory services	27,047	0	0	27,047	18,341	0	0	18,341
Total net result of fund services and investment activity	27,197	0	0	27,197	18,064	0	0	18,064
Other operating income	3,540	0	0	3,540	5,745	0	0	5,745
Other operating expenses	(5,043)	0	0	(5,043)	(7,066)	0	0	(7,066)
Interest income	0	0	0	0	35	0	0	35
Total other income/expenses	(1,502)	0	0	(1,502)	(1,286)	0	0	(1,286)

34. Capital management

The objective of DBAG's capital management is to ensure the Group's long-term capital requirement and augment the equity per share by a rate that at least exceeds the [cost of equity](#) on a long-term average.

For longer planning horizons, the amount of equity is managed by dividend distributions and share repurchases and, if appropriate, capital increases.

All in all, the capital of DBAG comprises the following:

€'000	30 Sept. 2017	30 Sept. 2016
		Restated
Liabilities		
Minority interest	148	127
Provisions	26,140	32,412
Other liabilities	1,233	2,000
	27,521	34,538
Equity		
Subscribed capital	53,387	53,387
Reserves	168,633	165,708
Consolidated retained profit	222,864	150,525
	444,884	369,619
Equity as a proportion of total capital	% 94.17	91.45

In addition to the capital requirement as stipulated by the German Stock Corporation Act, DBAG is subject to capital restrictions under the [German Special Investment Company Act \(Gesetz über Unternehmensbeteiligungsgesellschaften – UBGG\)](#). To maintain the status of a special investment company, DBAG must have made a paid-in capital contribution of 1,000 thousand euros to its share capital. This amount was fully paid in, both in the reporting year and the preceding year.

35. Earnings per share based on IAS 33

	2016/2017	2015/2016
		Restated
Net income	€'000 90,392	49,455
Shares issued at reporting date	15,043,994	15,043,994
Shares outstanding at reporting date	15,043,994	15,043,994
Average number of shares	15,043,994	13,736,146
Basic and diluted earnings per share	€ 6.01	3.60

Basic earnings per share are computed by dividing the net income for the year attributable to Deutsche Beteiligungs AG by the weighted average number of shares outstanding during the financial year.

“Potential shares” can dilute earnings per share within the scope of stock option programmes. Deutscheeteiligungs AG does not have a stock option programme. There were no stock options outstanding at the reporting date. Diluted earnings were therefore equal to basic earnings.

36. Segment information

The business policy of Deutscheeteiligungs AG is geared to 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 a 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 net income (segment net income) for each of the business lines of investments and fund management and advisory services. For that reason, the business lines of Private Equity Investments and Fund Investment Services are presented as reportable segments.

SEGMENTAL REPRESENTATION FOR FINANCIAL YEAR 2016/2017

€'000	Private Equity Investments	Fund Investment Services	Reconciliation Group	Group 2016 / 2017
Net result of investment activity	94,272	0	0	94,272
Fee income from fund management and advisory services ¹	0	28,111	(1,065)	27,047
Net result of fund services and investment activity	94,272	28,111	(1,065)	121,319
Other income/expenses	(8,547)	(23,407)	1,065	(30,889)
Income before taxes (segment result)	85,726	4,704	0	90,430
Income taxes				(1)
Income after taxes				90,430
Minority interest gains (-)/losses (+)				(37)
Net income				90,392
Financial assets and loans and receivables	298,254			
Financial resources ²	161,634			
Net asset value	459,888			
Managed assets³		1,770,228		

1 A synthetic internal administration fee is calculated for the Investment segment and taken into account when determining segment net income. The fee is based on DBAG's co-investment interest.

2 The financial resources serve DBAG for investments in financial assets and loans and receivables. They contain the line items “Cash and cash equivalents”, “Long-term securities” and “Short-term securities”.

3 Managed assets comprise financial assets, loans and receivables, the financial resources of DBAG as well as the investments and callable capital commitments to DBAG-managed private equity funds. The investments and loans and receivables are recognised at cost.

SEGMENTAL REPRESENTATION FOR FINANCIAL YEAR 2015/2016

€'000	Private Equity Investments	Fund Investment Services	Reconciliation Group	Group 2015/2016 Restated
Net result of investment activity	59,429	0	0	59,429
Fee income from fund management and advisory services ¹	0	19,536	(1,196)	18,341
Net result of fund services and investment activity	59,429	19,536	(1,196)	77,769
Other income/expenses	(7,089)	(22,555)	1,196	(28,448)
Income before taxes (segment result)	52,340	(3,019)	0	49,321
Income taxes				168
Income after taxes				49,489
Minority interest gains (-)/losses (+)				(33)
Net income				49,455
Financial assets and loans and receivables	316,341			
Financial resources ²	72,640			
Net asset value	388,981			
Managed assets³		1,775,904		

1 See commentary in footnote 1 in the preceding table

2 See commentary in footnote 2 in the preceding table

3 See commentary in footnote 3 in the preceding table

Products and services

DBAG invests as a co-investor in companies alongside DBAG funds by way of majority takeovers or minority investments. We basically structure majority takeovers as so-called management buyouts (MBOs). **Growth financing** is made by way of a minority investment, for example, via a capital increase. Within the scope of its investment activity, DBAG achieved a net result of valuation and disposal as well as current income from financial assets and loans and receivables totalling 94,272 thousand euros (previous year: 59,429 thousand euros). Fee income for management and advisory services to funds amounted to 27,047 thousand euros in the financial year (previous year: 18,341 thousand euros).

Geographical activities and sector focus

Geographically, we concentrate our co-investments primarily on companies domiciled in German-speaking regions. Of the net result of investment activity, 90,824 thousand euros (previous year: 66,871 thousand euros) are attributable to companies domiciled in German-speaking regions and 3,448 thousand euros (previous year: -6,723 thousand euros) to companies located in the rest of the world.

DBAG prefers to co-invest alongside the DBAG funds in companies operating in the sectors of automotive suppliers, industrial services, industrial components as well as mechanical and plant engineering, but also invests in other sectors such as services, information technology, media and telecommunication as well as consumer goods. The net result of valuation and disposal as well as current income from financial assets and loans and receivables are distributed over these sectors as follows:

€'000	Automotive suppliers	Industrial services	Industrial components	Machine and plant engineering	Other	Total
30 Sept. 2017						
Interests in intra-Group investment entities	21,830	397	14,466	38,087	6,905	81,685
Interests in portfolio companies	0	0	0	13,205	507	13,712
International fund investments	0	0	0	0	(1,120)	(1,120)
Other	0	0	0	0	(5)	(5)
	21,830	397	14,466	51,292	6,287	94,272
30 Sept. 2016 restated						
Interests in intra-Group investment entities	18,328	1,201	13,073	21,107	15,112	68,820
Interests in portfolio companies	0	0	0	(11,766)	1,375	(10,391)
International fund investments	0	0	0	0	611	611
Other	0	0	0	0	389	389
	18,328	1,201	13,073	9,340	17,487	59,429

For more information on the composition of the portfolio and its development, we refer to the management report, "Business and portfolio review", pages 81ff.

Significant customers

DBAG's customers are the investors in DBAG funds. The funds raised by DBAG bundle the assets committed by German and international institutions, especially by pension funds, funds of funds, banks, foundations, insurance companies or family offices.

DBAG generates its fee income for advisory and management services from investors of whom none account for more than 10 percent of total income.

37. Declaration of Conformity pursuant to the German Stock Corporation Act (AktG)

A "Declaration of Conformity" pursuant to § 161 of the German Stock Corporation Act (Aktengesetz - AktG) was submitted by the Board of Management and the Supervisory Board of Deutsche Beteiligungs AG and is permanently accessible to shareholders at DBAG's website.

38. Information on related parties consistent with IAS 24

Remuneration based on employment or service contracts for key management staff

Key management personnel in terms of IAS 24 are the Board of Management members, senior executives and the Supervisory Board members of Deutsche Beteiligungs AG. The basic principles of the remuneration system and the total remuneration paid to the members of the Board of Management, former Board of Management members and the members of the Supervisory Board are presented in the remuneration report. The remuneration report is an integral constituent of the combined management report. Personalised information in conformity with § 314 (1) no. 6 of the German Commercial Code (Handelsgesetzbuch - HGB) is also disclosed there.

Total payments to key management personnel consist of cash and non-cash remuneration. Total cash payments amounted to 12,884 thousand euros in the reporting year (previous year: 10,845 thousand euros). Non-cash remuneration primarily consists of the amounts recognised in accordance with the tax basis for the use of company cars.

In the reporting year, a total of 614 thousand euros was allocated to pension provisions (previous year: 503 thousand euros) as defined by the IFRS for key management staff (service cost and interest cost), thereof a service cost of 379 thousand euros (previous year: 408 thousand euros). Defined benefit obligations for key management staff amounted to 14,188 thousand euros at the end of the reporting period (previous year: 15,154 thousand euros).

Loans in the amount of 60 thousand euros were granted at standard market conditions to key management staff (previous year: 390 thousand euros). No loans or advances were granted to members of the Supervisory Board or the Board of Management. The DBAG Group has not entered into any guarantees for members of the Board of Management or the Supervisory Board.

No member of the Supervisory Board or the Board of Management holds shares, share options or other derivatives representing 1 percent or more of the subscribed capital.

For the financial year 2016/2017, the members of the Supervisory Board were granted fixed remuneration, as well as additional remuneration for the Chair, Vice Chair and for committee membership in the amount of 388 thousand euros (previous year: 388 thousand euros).

Regarding transactions and balances of key management personnel in their capacity as minority partners in consolidated companies, please refer to note 26.

Participation in carried interest schemes by current and former key management staff

Current and former key management personnel have committed to investing in the 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. These conditions have been fulfilled if the Deutsche Beteiligungs AG Group and the investors in the respective DBAG fund have realised their invested capital, plus a minimum return of 8.0 percent per annum (“full repayment”). The carried interest corresponding to a maximum of 20 percent is paid out once net proceeds on disposal are generated and full repayment has

been achieved. 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 carried investment risk and is aimed at promoting the staff’s initiative and dedication to the success of the investment.

Carried interest is recognised in the valuation of DBAG’s interest in the co-investment vehicles of the respective funds at fair value (“**net asset value**”). The interest in a co-investment vehicle is reduced as soon as it can be assumed that the conditions that trigger carried interest payments have been met (see note 6, “Valuation procedures used in measuring fair value”). In the financial year 2016/2017, the net asset value of the co-investment vehicles DBAG Fund V and DBAG Expansion Capital Fund was reduced by arithmetical carried interest of 10,840 thousand euros in total (previous year: 26,491 thousand euros). This reduced the result of investment activity and, consequently, net income by 13,820 thousand euros (previous year: 11,944 thousand euros – see management report, page 92f.). This carried interest, which is included in the valuation, can also increase or decrease in value and is not paid out until the conditions set out in the Articles of Association are met.

DBAG Fund IV

DBAG Fund IV consists of the following fund companies that jointly enter into investments at a fixed ratio:

Fund company	Qualification	Investment share held by investment team %	Max. carried interest of investment team %
DBAG Fund IV GmbH & Co. KG i. L.	Related party	1	20.8
DBAG Fund IV International GmbH & Co. KG i. L.	Related party	1	20.8
DBG Fifth Equity Team GmbH & Co. KGaA i. L.	Related party	0.67	approx. 30
DBG Fourth Equity Team GmbH & Co. KGaA i. L.	Unconsolidated subsidiary	0	0

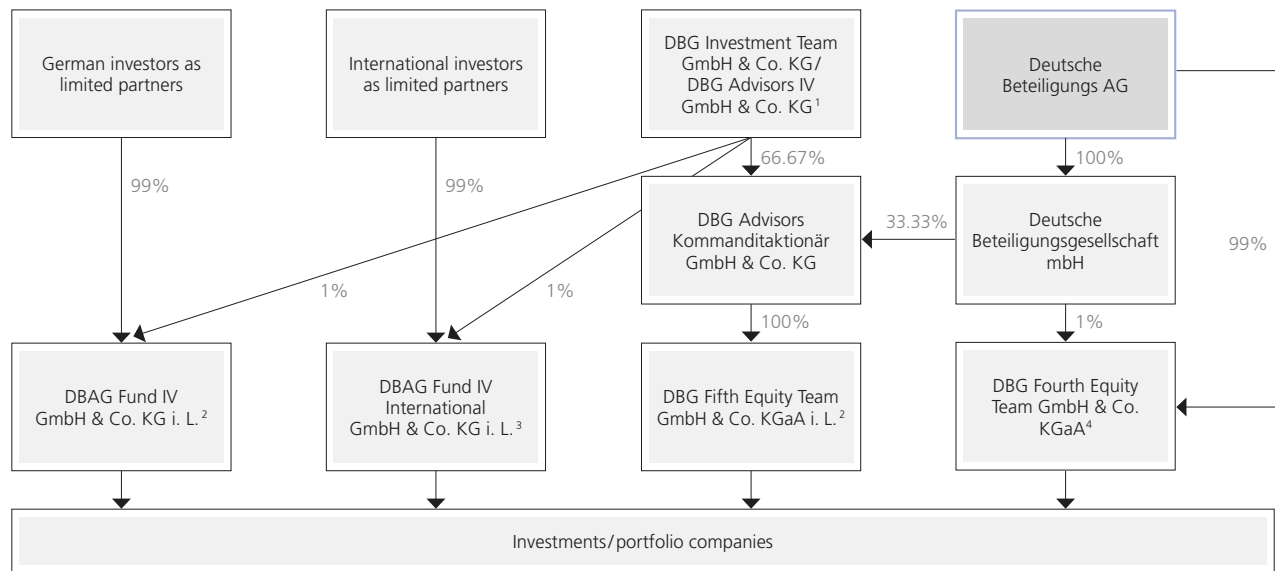
For DBAG Fund IV, a group of key management personnel and former key management personnel have invested their own money at a fixed ratio in the companies listed above. DBG Advisors IV GmbH & Co. KG, which is a related party and not included in the consolidated accounts of DBAG, acts as an intermediary for investments in the first two fund companies named above. Key management personnel are invested directly through DBG Advisors IV GmbH & Co. KG, or indirectly through DBG Investment Team GmbH & Co. KG.

Interests in DBG Fifth Equity Team GmbH & Co. KGaA i. L. are held indirectly through DBG Advisors Kommanditaktionär GmbH & Co. KG. DBAG indirectly holds a 33.33 percent interest in DBG Advisors Kommanditaktionär GmbH & Co. KG, while the other 66.67 percent are held by key management personnel. Key management personnel have not yet provided capital contributions amounting to 69 thousand euros in DBG Advisors Kommanditaktionär GmbH & Co. KG (previous year: 69 thousand euros).

Apart from that, no outstanding balances exist between DBG Advisors Kommanditaktionär GmbH & Co. KG and related parties.

OVERVIEW INVESTMENT STRUCTURE OF DBAG FUND IV

The percentages relate to the equity share.



1 Investment vehicle for Board of Management and senior executives 3 Investment vehicle for international investors
 2 Investment vehicle for German investors 4 Unconsolidated co-investment vehicle, measured at fair value Company included in the DBAG consolidated financial statements

The key management personnel involved as well as repayments in financial year 2016/2017 from parties related to former key management personnel received the following to **DBAG FUND IV**:

	Investments during the financial year		Cumulative investments at reporting date		Repayments during the financial year	
	Board of Management	Senior management	Board of Management	Senior management	Board of Management	Senior management
€'000						
Period from 1 Oct. 2016 to 30 Sept. 2017						
DBG Advisors IV GmbH & Co. KG	0	0	430	0	0	0
DBG Advisors Kommanditaktionär GmbH & Co. KG	0	0	84	0	289	0
DBG Investment Team GmbH & Co. KG	0	0	325	740	211	457
Total 2016/2017	0	0	839	740	500	457
Period from 1 Oct. 2015 to 30 Sept. 2016						
DBG Advisors IV GmbH & Co. KG	0	0	430	0	433	0
DBG Advisors Kommanditaktionär GmbH & Co. KG	0	0	84	0	0	0
DBG Investment Team GmbH & Co. KG	0	0	325	740	282	611
Total 2015/2016	0	0	839	740	715	611

DBAG Fund V

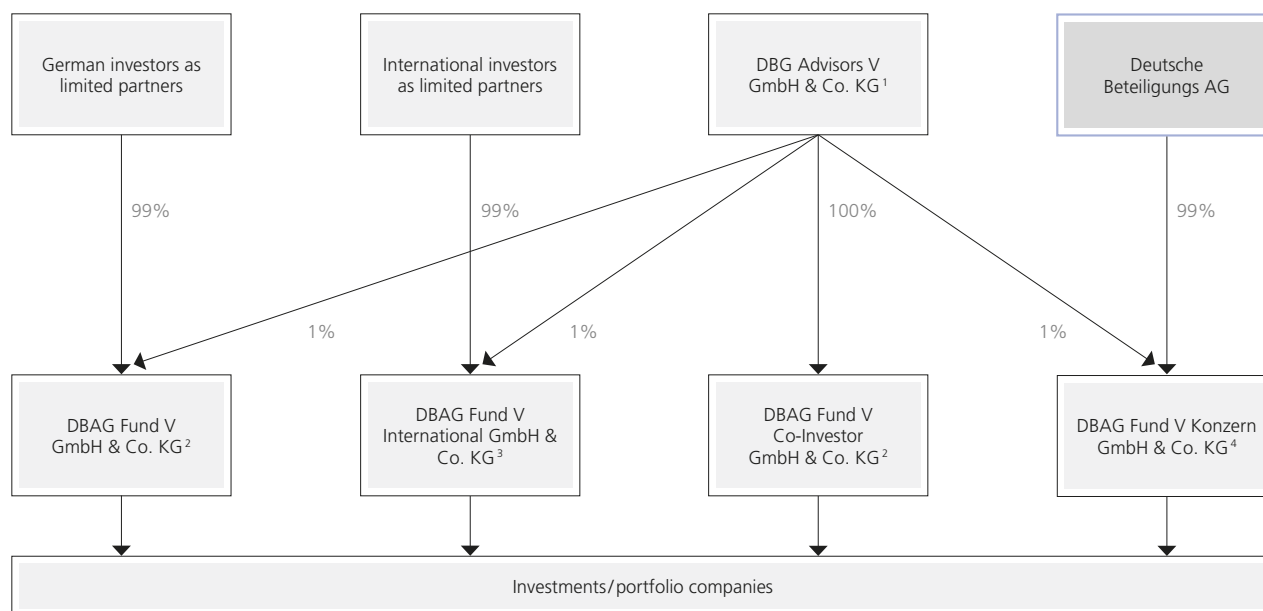
DBAG Fund V consists of the following fund companies that jointly enter into investments at a fixed ratio:

Fund company	Qualification	Investment share held by investment team %	Max. carried interest of investment team %
DBAG Fund V GmbH & Co. KG	Related party	1	20.8
DBAG Fund V International GmbH & Co. KG	Related party	1	20.8
DBAG Fund V Co-Investor GmbH & Co. KG	Related party	1	approx. 45
DBAG Fund V Konzern GmbH & Co. KG	Unconsolidated subsidiary	0	20.8

For DBAG Fund V, a group of key management personnel as well as Individual former key management personnel and other members of the investment team have invested their own money at a fixed ratio in all of the four fund companies listed above. The interests in DBAG Fund V GmbH & Co. KG and DBAG Fund V International GmbH & Co. KG are transacted through the investing general partner of these fund companies, DBG Advisors V GmbH & Co. KG, which is a related party to DBAG. DBG Advisors V GmbH & Co. KG acts as the sole limited partner of DBAG Fund V Co-Investor GmbH & Co. KG. DBG Advisors V GmbH & Co. KG is the sole general partner of DBAG Fund V Konzern GmbH & Co. KG.


OVERVIEW INVESTMENT STRUCTURE OF DBAG FUND V

The percentages relate to the equity share.



1 Investment vehicle for Board of Management and senior executives
2 Investment vehicle for German investors

3 Investment vehicle for international investors
4 Unconsolidated co-investment vehicle, measured at fair value

 Company included in the DBAG consolidated financial statements

The key management personnel involved as well as former key management personnel have made the following investments or have the following repayments from the investment activity of DBAG Fund V attributable to them; 19 percent is attributable to the DBAG co-investment vehicle (DBAG Fund V Konzern GmbH & Co. KG) in each case:

	Investments during the financial year		Cumulative investments at reporting date		Repayments during the financial year	
	Board of Management	Senior management	Board of Management	Senior management	Board of Management	Senior management
<i>€'000</i>						
Period from 1 Oct. 2016 to 30 Sept. 2017						
DBG Advisors V GmbH & Co. KG	37	27	3,446	2,554	88,883	67,848
Period from 1 Oct. 2015 to 30 Sept. 2016						
DBG Advisors V GmbH & Co. KG	66	48	3,408	2,527	20,948	16,355

DBAG Expansion Capital Fund

DBAG Expansion Capital Fund consists of the following fund companies that jointly enter into investments at a fixed ratio:

Fund company	Qualification	Investment share held by investment team %	Max. carried interest of investment team %
DBAG Expansion Capital Fund GmbH & Co. KG	Related party	1	20.8
DBAG Expansion Capital Fund International GmbH & Co. KG	Related party	1	20.8
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	Unconsolidated subsidiary	1	20.8

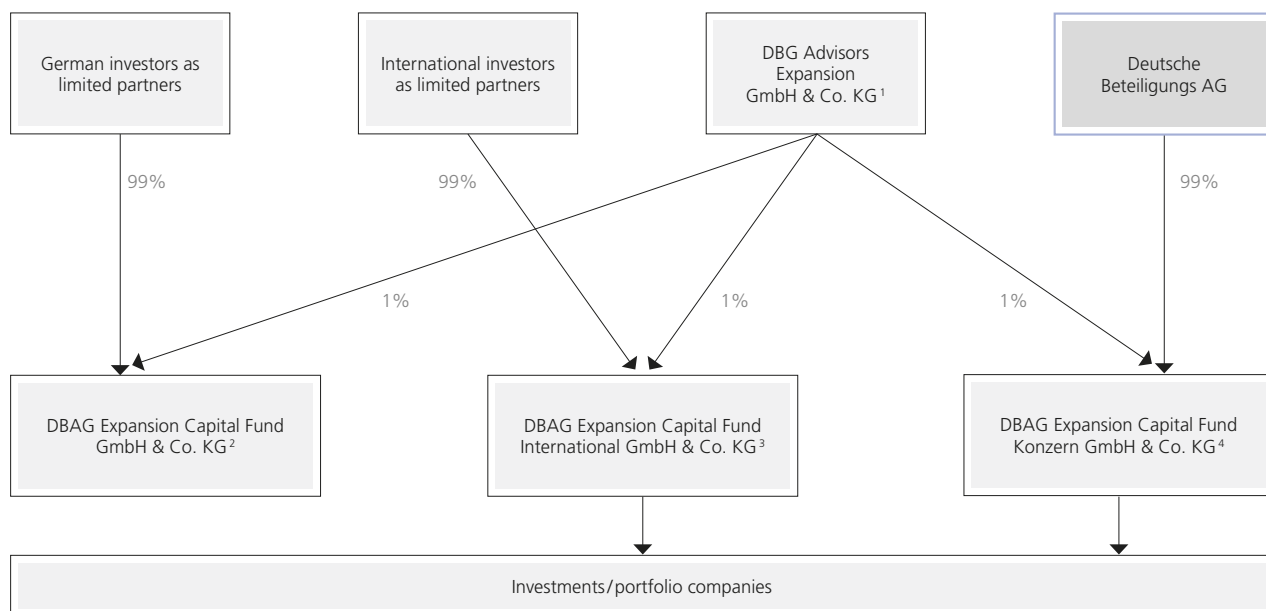
For the DBAG Expansion Capital Fund, a group of key management personnel as well as individual former key management personnel and other members of the investment team have

invested their own money at a fixed ratio in all of the three fund companies listed above. The interests in DBAG Expansion Capital Fund GmbH & Co. KG and DBAG Expansion Capital Fund International GmbH & Co. KG were transacted as at 31 May 2017 through the investing general partner of these fund companies, DBG Advisors Expansion GmbH & Co. KG, which is a related party to DBAG. DBG Advisors Expansion GmbH & Co. KG is the sole general partner of DBAG Expansion Capital Fund Konzern GmbH & Co. KG.

The term of the Expansion Capital Fund was extended until 31 December 2018 this past financial year. The extension of the term involved the establishment of the two companies DBG Advisors Expansion FNV GmbH & Co. KG and DBG Team Expansion FNV GmbH & Co. KG, which have held an interest in the general partner, DBG Advisors Expansion GmbH & Co. KG, since 1 June 2017 and are related parties of DBAG. The partners of the two newly established partners are also key management personnel/individual former key management personnel and other members of the investment team.

OVERVIEW INVESTMENT STRUCTURE OF DBAG EXPANSION CAPITAL FUND

The percentages relate to the equity share.



1 Investment vehicle for Board of Management and senior executives

2 Investment vehicle for German investors

3 Investment vehicle for international investors

4 Unconsolidated co-investment vehicle, measured at fair value

Company included in the DBAG consolidated financial statements

The key management personnel involved as well as former key management personnel have made the following investments or have the following repayments from the investment activity of DBAG Expansion Capital Fund attributable to them;

47 percent is attributable to the DBAG co-investment vehicle (DBAG Expansion Capital Fund Konzern GmbH & Co. KG) in each case:

	Investments during the financial year		Cumulative investments at reporting date		Repayments during the financial year	
	Board of Management	Senior management	Board of Management	Senior management	Board of Management	Senior management
€'000						
Period from 1 Oct. 2016 to 30 Sept. 2017						
DBG Advisors Expansion GmbH & Co. KG	73	283	321	1,197	21	79
DBG Advisors Expansion FNV GmbH & Co. KG	0	0	0	0	0	0
DBG Team Expansion FNV GmbH & Co. KG	0	0	0	0	0	0
Total 2016/2017	73	283	321	1,197	21	79
Period from 1 Oct. 2015 to 30 Sept. 2016						
DBG Advisors Expansion GmbH & Co. KG	78	280	247	913	9	32

DBAG Fund VI

DBAG Fund VI consists of the following fund companies that jointly make co-investments at a fixed ratio:

Fund company	Qualification	Investment share held by investment team ¹ %	Max. carried interest of investment team %
DBAG Fund VI (Guernsey) L.P.	Related party	0.01	20.0
DBAG Fund VI Konzern (Guernsey) L.P.	Unconsolidated subsidiary	0.01	20.0

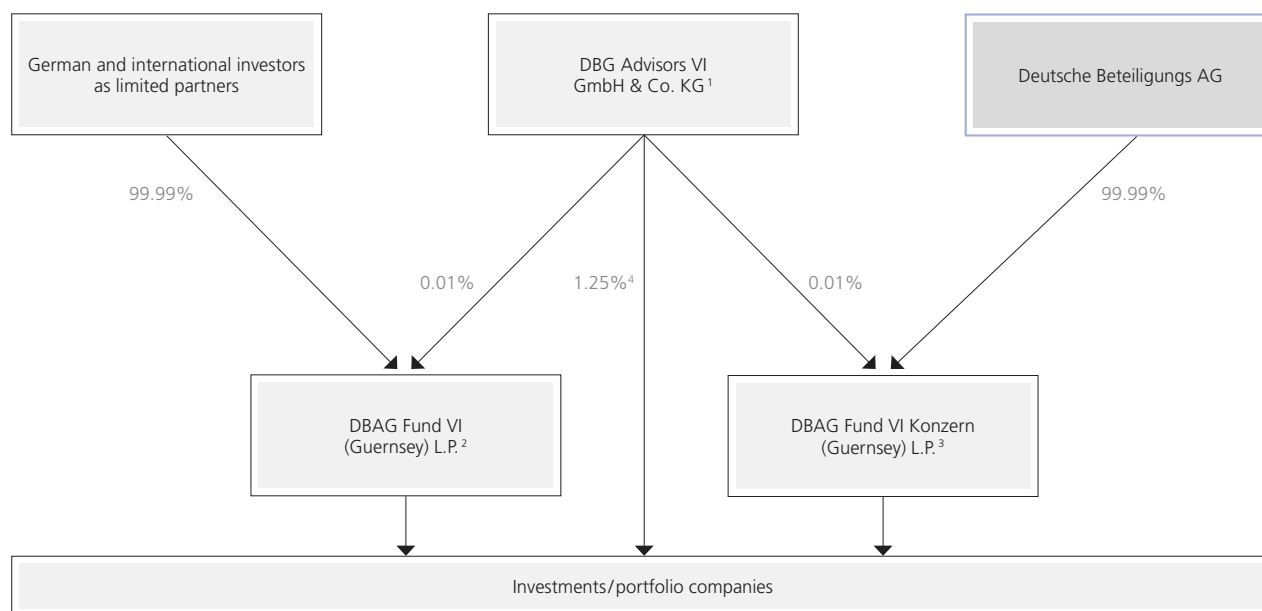
¹ DBG Advisors VI GmbH & Co. KG makes investments in parallel with DBAG Fund VI; see the diagram on the investment structure on the next page.

For DBAG Fund VI (consisting of DBAG Fund VI (Guernsey) L.P. and DBAG Fund VI Konzern (Guernsey) L.P.) through DBG Advisors VI GmbH & Co. KG, a group of key management personnel and individual former key management personnel as well as other members of the investment team are entitled to 20 percent of the profits of DBAG Fund VI, payable upon achieving a full repayment to German and international investors (limited partners). The full repayment is considered achieved when the limited partners of DBAG Fund VI receive cash or non-cash distributions in the amount of their paid-in capital in addition to a preferred return.

DBG Advisors VI GmbH & Co. KG is a related party to DBAG and serves the investment team as an investment vehicle. Supplemental to the 20 percent share of profits (after full repayment) of DBAG Fund VI, DBG Advisors VI GmbH & Co. KG makes a proportional direct investment in the investees of 1.25 percent. DBAG Fund VI Konzern (Guernsey) L.P. is a Group company of DBAG (see note 4).

OVERVIEW INVESTMENT STRUCTURE OF DBAG FUND VI

The percentages relate to the equity share.




1 Investment vehicle for Board of Management and senior executives

2 Investment vehicle for investors

3 Unconsolidated co-investment vehicle, measured at fair value

4 Co-investment rate based on total fund volume

 Company included in the DBAG consolidated financial statements

The key management personnel involved as well as former key management personnel have made the following investments or have the following repayments from the investment activity

of DBAG Fund VI attributable to them; 19 percent is attributable to the DBAG co-investment vehicle (DBAG Fund VI Konzern (Guernsey) L.P.) in each case:

	Investments during the financial year		Cumulative investments at reporting date		Repayments during the financial year	
	Board of Management	Senior management	Board of Management	Senior management	Board of Management	Senior management
<i>€'000</i>						
Period from 1 Oct. 2016 to 30 Sept. 2017						
DBG Advisors VI GmbH & Co. KG	800	1,328	2,882	4,336	746	1,213
Period from 1 Oct. 2015 to 30 Sept. 2016						
DBG Advisors VI GmbH & Co. KG	134	194	2,082	3,008	162	246

DBAG Fund VII

The entities of DBAG Fund VII were founded in the past financial year (see note 4). The fund consists of the following fund companies that jointly make co-investments at a fixed ratio:

Fund company	Qualification	Investment share held by investment team ¹ %	Max. carried interest of investment team %
DBAG Fund VII SCSp	Related party	0.01	20.0
DBAG Fund VII B SCSp	Related party	0.01	10.0
DBAG Fund VII Konzern SCSp	Unconsolidated subsidiary	0.01	20.0
DBAG Fund VII B Konzern SCSp	Unconsolidated subsidiary	0.01	10.0

¹ DBG Team VII GmbH & Co. KG makes investments in parallel with DBAG Fund VII; see the diagram on the investment structure below.

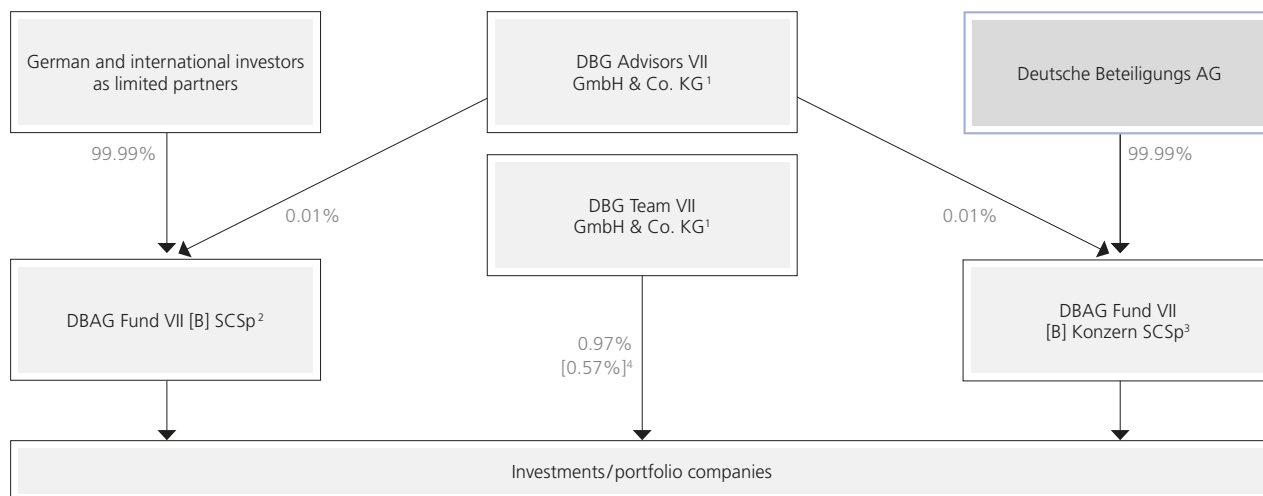
For DBAG Fund VII through DBG Advisors VII GmbH & Co. KG, a group of key management personnel and individual former key management personnel as well as other members of the investment team are entitled to 20 percent of the profits of DBAG Fund VII, payable upon achieving a full repayment to German and international investors (limited partners). The full repayment is considered achieved when the limited partners of DBAG Fund VII receive cash or non-cash distributions in the amount of their paid-in capital in addition to a preferred return. In addition, pro rata direct investments are made by DBG Team VII GmbH & Co. KG, which has mainly the same shareholders as DBG Advisors VII GmbH & Co. KG.

DBG Advisors VII GmbH & Co. KG and DBG Team VII GmbH & Co. KG are related parties to DBAG. DBG Team VII GmbH & Co. KG serves the investment team as an investment vehicle.

DBAG Fund VII Konzern SCSp and DBAG Fund VII Konzern B SCSp are Group companies of DBAG (see note 4).

OVERVIEW INVESTMENT STRUCTURE OF DBAG FUND VII

The percentages relate to the equity share.



¹ Investment vehicle for Board of Management and senior executives
² Investment vehicle DBAG Fund VII SCSp and DBAG Fund VII B SCSp for investors

³ Unconsolidated co-investment vehicles DBAG Fund VII Konzern SCSp and DBAG Fund VII B Konzern SCSp, measured at fair value
⁴ Co-investment rate based on capital commitments made by members of the investment team in relation to the DBAG Fund VII SCSp (or DBAG Fund VII B SCSp).

Company included in the DBAG consolidated financial statements

The investment period of DBAG Fund VII started on 21 December 2016. Since then, the key management personnel involved have made the following investments in DBAG Fund VII; a total of 23 percent is attributable to the DBAG co-investment vehicles (DBAG Fund VII Konzern SCSp and DBAG Fund VII Konzern B SCSp):

	Investments during the financial year		Cumulative investments at reporting date		Repayments during the financial year	
	Board of Management	Senior management	Board of Management	Senior management	Board of Management	Senior management
<i>€'000</i>						
Period from 1 Oct. 2016 to 30 Sept. 2017						
DBG Advisors VII GmbH & Co. KG	0	0	8	0	0	0
DBG Team VII GmbH & Co. KG	1,046	930	1,048	930	0	0
Total 2016/2017	1,046	930	1,056	930	0	0
Period from 1 Oct. 2015 to 30 Sept. 2016						
DBG Advisors VII GmbH & Co. KG	8	0	8	0	0	0
DBG Team VII GmbH & Co. KG	2	0	2	0	0	0
Total 2015/2016	10	0	10	0	0	0

The investments in the previous year exclusively comprise incorporation costs of 10 thousand euros.

Other related parties

Companies in the DBAG Group manage or provide advice to the following funds alongside which DBAG co-invests:

Funds	Status
DBAG Fund IV	End of investment period: 15 Feb. 2007
DBAG Fund V	End of investment period: 15 Feb. 2013
DBAG Expansion Capital Fund	Start of investment period: 27 Jan. 2011
DBAG ECF, first new investment period	Start of investment period: 1 Jun. 2017
DBAG Fund VI	End of investment period: 20 Dec. 2016
DBAG Fund VII	Start of investment period: 21 Dec. 2016

DBAG earned the following fee income for management services and advisory services from the management of/advice provided to the various DBAG funds (see also note 10):

<i>€'000</i>	2016 / 2017	2015/2016
		Restated
DBG Fonds III	0	2
DBAG Fund IV	0	0
DBAG Fund V	2,554	3,943
DBAG Expansion Capital Fund	522	349
DBAG Fund VI	11,337	14,000
DBAG Fund VII	12,582	0
Other	52	47
	27,047	18,341

DBG Fonds III consisted of Fondsgesellschaft Deutsche Beteiligungsgesellschaft Fonds III GmbH, which disposed of its investments and merged with Deutsche Beteiligungsgesellschaft mbH on 22 September 2017. DBAG Fund IV, DBAG Fund V and DBAG Expansion Capital Fund (ECF) consist of several entities that are shown in the overviews of fund structures and that are structured as co-investment funds.

The contractual term of DBAG Fund IV ended on 15 September 2016. The fund companies of DBAG Fund IV, which comprise DBAG Fund IV GmbH & Co. KG, DBAG Fund IV International GmbH & Co. KG and DBG Fifth Equity Team GmbH & Co. KG, are being liquidated in accordance with statutory requirements and under company law. The full liquidation of these fund companies will presumably be completed in 2019.

The fund companies DBAG Fund V GmbH & Co. KG and DBAG Fund V International GmbH & Co. KG (DBAG Fund V) are managed by the managing general partner, DBG Managing Partner GmbH & Co. KG, a DBAG subsidiary. DBAG Fund V Co-Investor GmbH & Co. KG is managed through the subsidiary DBG Management GmbH & Co. KG.

The fund companies DBAG Expansion Capital Fund GmbH & Co. KG and DBAG Expansion Capital Fund International GmbH & Co. KG are also managed by the managing general partner, DBG Managing Partner GmbH & Co. KG. Deutscheeteiligungs AG itself holds a 20 percent interest in this, and Mr Grede and Dr Scheffels each hold a 40 percent interest. The interests in the general partner of DBG Managing Partner GmbH & Co. KG are held by DBG Managing Partner GmbH & Co. KG itself. It is entitled to annual income for the management services described above for several of the DBAG Fund V and DBAG Expansion Capital Fund companies. For DBAG Fund V, this income, pursuant to the partnership agreement, amounts to 2.0 percent of the historical cost of the fund companies' investments after the investment period has ended. For DBAG Expansion Capital Fund, the income corresponds to 0.875 percent of the cost of the investments made up until 31 May 2017, or 1.75 percent of the cost of all investments made from 1 June 2017 onwards. The general partner receives an annual liability fee corresponding to 5% of its capital stock (1,250 euros), Mr Grede and Dr Scheffels receive interest of 2% on their capital accounts (120 euros each) and the rest of the company's profit is allocated to Deutscheeteiligungs AG.

Since 1 July 2017, DBG Managing Partner GmbH & Co. KG has been receiving advice from DBG Advising GmbH & Co. KG, which was established as a new subsidiary in May 2017.

Deutscheeteiligungs AG is the managing limited partner of DBG Advising GmbH & Co. KG. Deutscheeteiligungs AG holds a 20 percent interest in this company, and Mr Grede

and Dr Scheffels each hold a 40 percent interest. Deutscheeteiligungs AG receives 80 percent of this company's profits for the management of the company as a profit priority share. After deducting the liability charges of the general partner (625 euros) and expenses for interest paid on balances in shareholders' accounts (1 euro each), Deutscheeteiligungs AG is also entitled to the company's residual profits. The general partner of DBG Advising GmbH & Co. KG can terminate the management agreement with DBAG at three months' notice to the end of a quarter. In this case, Deutscheeteiligungs AG would also be entitled to the total residual profits of DBG Advising GmbH & Co. KG, after deducting the general partner's liability charges, expenses for interest paid on balances in shareholders' accounts and, if appropriate, expenses for setting up own operations for the management of DBAG funds. Expenses for setting up own business operations would incur if management services were no longer rendered by Deutscheeteiligungs AG and were performed by DBG Advising GmbH & Co. KG itself.

The interests in the general partner of DBG Advising GmbH & Co. KG are held by DBG Advising GmbH & Co. KG itself; the principals of the general partner of DBG Advising GmbH & Co. KG are Mr Grede, Dr Scheffels and Mr Döring.

The fund company DBAG Fund VI (Guernsey) L.P. is managed by the managing partner DBG Fund VI GP (Guernsey) LP. DBG Advising GmbH & Co. KG advises the management company of fund manager DBAG Fund VI (Guernsey) L.P. Fee income from advisory services to DBAG Fund VI is based on a share of the profits of the management company, DBG Fund VI GP (Guernsey) LP. For the management company and/or the fund manager of DBAG Fund VI, the income amounted to 2.0 percent of the capital commitments of 700 million euros, or, as at 21 December 2016, to 2.0 percent of the historical cost for the fund's investments after the investment period has ended.

Concurrently, DBAG pays a fee through DBAG Fund VI Konzern (Guernsey) L.P. for the management of its **co-investment**. The advisory fee corresponded to 2.0 percent of the capital commitments totalling 133 million euros of DBAG Fund VI Konzern (Guernsey) L.P. as the co-investment vehicle of DBAG, or, as at 21 December 2016, 2.0 percent of the historical cost for the fund's investments after the investment period has ended.

The management of the fund company DBAG Fund VII SCSp and DBAG Fund VII B SCSp (collectively known as DBAG Fund VII) is the responsibility of the managing partner DBG Fund VII GP S.à r.l. (LuxGP), which has outsourced the portfolio and risk management activities to AIFM-DBG Fund VII (Guernsey) L.P. (AIFM). DBG Advising GmbH & Co. KG provides advice to AIFM in connection with these activities. Fee income from advisory services to DBAG for Fund VII is based on a share of the profits of AIFM. The management fees (collected jointly by LuxGP and AIFM) correspond, during the investment period, to 2.0 percent of the investment commitments of 625 million euros of DBAG Fund VII SCSp and to 1.0 percent of the cost to DBAG Fund VII B SCSp. After the end of the investment period, fees will amount to 2.0 percent of the cost for the investments of DBAG Fund VII SCSp, and 1.0 percent of the cost for the investments to DBAG Fund VII B SCSp.

Concurrently, DBAG pays a fee through DBAG Fund VII Konzern SCSp and DBAG Fund VII Konzern B SCSp on each investment for the management of its co-investment. The advisory fee amounts to 2.0 percent of the capital commitment of 183 million euros to DBAG Fund VII Konzern SCSp and 1.0 percent of the cost to DBAG Fund VII Konzern B SCSp. After the end of the investment period, fees amount to 2.0 percent of the cost for the investments of DBAG Fund VII Konzern SCSp and 1.0 percent of the cost to DBAG Fund VII Konzern B SCSp.

A requirement for raising the fund commitments was that Mr Grede and Dr Scheffels would be available for the management of the fund companies over the long term, irrespective of whether they remain appointed as members of the Board of Management of Deutsche Beteiligungs AG. For that reason, the two individuals named have dormant employment contracts with DBG Advising GmbH & Co. KG.

Key management personnel of DBAG serve on a number of supervisory bodies of companies in the portfolio of DBAG as well as of the funds stated above. For the period from 1 October 2016 to 30 September 2017, they were entitled to compensation totalling 221 thousand euros (previous year: 251 thousand euros) for these services, which has been transferred in full to DBAG and recognised in "Other operating income".

Metzler Trust e.V. is a related party that acts as a trustee within the scope of a bilateral contractual trust arrangement for pension-related plan assets. The company receives an annual net fee of 8 thousand euros for administration services.

In October 2010, DBAG established an incorporated foundation under civil law named "Gemeinnützige Stiftung der Deutschen Beteiligungs AG". It was initially endowed with assets of 100 thousand euros in cash. In financial year 2016/2017, another 20 thousand euros (previous year: 20 thousand euros) were allocated to the Foundation's endowment to pursue its tax-privileged objectives. At 30 September 2017, total allocations to the Foundation's endowment amounted to 230 thousand euros (previous year: 210 thousand euros). The purpose of the Foundation is to support charitable causes. A further aim is to promote the arts and cultural projects in the greater Frankfurt area. The Foundation is considered a related party in terms of the IFRS.

39. Risk management

For information on risk management objectives and methods, please refer to note 32 and to the discussion in the combined management report.

40. Events after the reporting date

At the beginning of October, vitronet Projekte GmbH, a company in the [DBAG ECF](#) portfolio, concluded a company acquisition. The acquisition of Dankers Bohrtechnik GmbH and Dankers Projektierung GmbH will allow vitronet to increase its capacity, expand its product range to include civil engineering for fibre-optic networks and broaden its customer base. DBAG ECF has called additional funds to finance the company acquisition; DBAG is investing another 3.8 million euros in vitronet.

In November, the Cleanpart Group, a company in the DBAG Fund VI portfolio, sold its healthcare business. In the future, Cleanpart will be concentrating on providing services for the semiconductor industry. The partial disposal was based on the valuation corresponding to the value recognised at 30 September 2017.

41. Audit fees and audit-related services

Total fees paid to the auditor are comprised of the following:

€'000	2016 / 2017			2015/2016		
				Restated		
	Parent company	Subsidiary	Total	Parent company	Subsidiary	Total
Audit of consolidated/separate financial statements	538	35	573	753	29	782
Tax advisory services	57	41	99	76	37	113
Other consultancy services (not reimbursable)	28	0	28	2	16	18
	623	76	699	831	82	913
Other consultancy services (reimbursable)	0	0	0	0	101	101
	623	76	699	831	183	1,014

The services associated with auditing the consolidated and annual financial statements also include activities associated with the audit of the half-yearly financial statements at 31 March 2017, audit activities relating to the audit of the annual financial statements at 30 September 2017 that were brought forward and consultancy services related to an ongoing enforcement procedure.

The drop in audit fees relate to lower expenses in connection with the ongoing enforcement procedure relating to the consolidated financial statements at 30 September 2015.

The tax advisory services include support services related to the preparation of tax returns and advice on individual matters concerning VAT.

Consultancy services were partially charged to DBAG funds and/or the portfolio companies.

The other consultancy costs relate to advice on social security law matters and advice on mandatory statutory reporting requirements.

KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany, has been selected as the auditor of the annual financial statements since DBAG was established. The responsible auditors are Lars Bertram (for the first time for the audit of the annual financial statements for 2012/2013) and Dr Jan Fasshauer (for the first time for the audit of the annual financial statements for 2014/2015).

42. Members of the Supervisory Board and Board of Management

Supervisory Board*

ANDREW RICHARDS

Bad Homburg v. d. Höhe (Chairman)

Corporate consultant

No statutory offices or comparable offices in Germany and internationally

GERHARD ROGGMANN

Hanover (Vice Chairman)

Corporate consultant

Statutory offices

- > Bremer AG, Paderborn
- > GP Günter Papenburg AG, Schwarmstedt (Chairman)
- > WAVE Management AG, Hanover (Vice Chairman)

SONJA EDELER

Hanover

Head of Finance and Accounting of Dirk Rossmann GmbH, Burgwedel

No statutory offices or comparable offices in Germany and internationally

WILKEN FREIHERR VON HODENBERG

Hamburg

Lawyer

Statutory offices

- > Schloss Vaux AG, Eltville
- > SLOMAN NEPTUN Schiffahrts-AG, Bremen
- > PNE Wind AG, Cuxhaven (Vice Chairman until 31 May 2017)
- > WEPA Industrieholding SE, Arnsberg (since 19 June 2017)

PHILIPP MÖLLER

Hamburg

Managing Partner of Möller & Förster GmbH & Co. KG, Hamburg

No statutory offices or comparable offices in Germany and internationally

DR HENDRIK OTTO

Dusseldorf

Member of the Board of Management of WEPA Industrieholding SE, Arnsberg

No statutory offices or comparable offices in Germany and internationally

* Statutory offices: offices held on other statutory supervisory boards; comparable offices in Germany and internationally: offices held on comparable domestic and international supervisory bodies of commercial enterprises, at 30 September 2017

Board of Management*

TORSTEN GREDE

Frankfurt am Main (Spokesman)

Comparable offices in Germany and internationally

- › Treuburg Beteiligungsgesellschaft mbH, Ingolstadt
- › Treuburg GmbH & Co. Familien KG, Ingolstadt

DR ROLF SCHEFFELS

Frankfurt am Main

Comparable offices in Germany and internationally

- › Preh GmbH, Bad Neustadt an der Saale

SUSANNE ZEIDLER

Bad Homburg v. d. Höhe

Comparable offices in Germany and internationally

- › DBG Fifth Equity Team GmbH & Co. KGaA,
Frankfurt am Main (Vice Chairwoman)

* Statutory offices: offices held on other statutory supervisory boards; comparable offices in Germany and internationally: offices held on comparable domestic and international supervisory bodies of commercial enterprises, at 30 September 2017

43. List of subsidiaries and associates pursuant to § 313 (2) HGB

Name	Domicile	Equity share %	Equity €'000	Operating result of past financial year €'000
43.1 SUBSIDIARIES				
<i>43.1.1 Companies included in the consolidated financial statements</i>				
DBG Management GmbH & Co. KG	Frankfurt am Main	100.00	170	33
DBG New Fund Management GmbH & Co. KG	Frankfurt am Main	100.00	3	3
DBG Managing Partner GmbH & Co. KG	Frankfurt am Main	20.00	7,050	17,309
DBG Advising GmbH & Co. KG	Frankfurt am Main	20.00	6,211	6,184
DBG Management GP (Guernsey) Ltd.	St. Peter Port, Guernsey	3.00	30	198
DBG Fund VI GP (Guernsey) LP	St. Peter Port, Guernsey	0.00	1	0
AIFM-DBG Fund VII Management (Guernsey) LP	St. Peter Port, Guernsey	0.00	(1,372)	(1,372)
DBG Fund VII GP S.à r.l.	Luxembourg-Findel, Luxembourg	0.00	13	0
European PE Opportunity Manager LP	St. Peter Port, Guernsey	0.00	0	0
<i>43.1.2 Companies not included in the consolidated financial statements</i>				
Deutsche Beteiligungsgesellschaft mbH	Königstein/Taunus	100.00	9,735	(64)
Bowa Geschäftsführungsgesellschaft mbH i. L.	Frankfurt am Main	100.00	60	(3)
Change Management Verwaltungs GmbH	Frankfurt am Main	100.00	25	0
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	Frankfurt am Main	99.00	62,089	2,642
DBAG Fund V Konzern GmbH & Co. KG	Frankfurt am Main	99.00	14,687	120,785
DBAG Fund VI Konzern (Guernsey) L.P.	St. Peter Port, Guernsey	99.99	119,565	34,015
DBAG Fund VII Konzern SCSp	Luxembourg-Findel, Luxembourg	99.99	12,503	(2,892)
DBAG Fund VII B Konzern SCSp	Luxembourg-Findel, Luxembourg	99.99	420	49
DBG Beteiligungsgesellschaft mbH	Frankfurt am Main	100.00	93	(11)
DBG Epsilon GmbH	Frankfurt am Main	100.00	22	0
DBG Advisors Kommanditaktionär GmbH & Co. KG	Frankfurt am Main	33.33	3,894	1,097
DBG Fifth Equity Team GmbH & Co. KGaA i. L.	Frankfurt am Main	33.33	1,579	(265)
DBG Fourth Equity Team GmbH & Co. KGaA i. L.	Frankfurt am Main	100.00	464	(35)
DBG Fourth Equity International GmbH	Frankfurt am Main	100.00	37	1
DBG My GmbH i. L.	Frankfurt am Main	100.00	132	(3)
DBV Drehbogen GmbH	Frankfurt am Main	100.00	32	0
DBG Alpha 5 GmbH	Frankfurt am Main	100.00	25	0
DBG Managing Partner Verwaltungs GmbH	Frankfurt am Main	100.00	11	(4)
DBG Advising Verwaltungs GmbH	Frankfurt am Main	100.00	25	5

Name	Domicile	Equity share %	Equity €'000	Operating result of past financial year €'000
43.2 ASSOCIATES				
DBAG ECF Präzisionstechnik Beteiligungs GmbH	Frankfurt am Main	41.78	70	45
DBAG ECF Fonds I Beteiligungs GmbH	Frankfurt am Main	47.54	10,905	4,666
DBAG ECF Pontis Verwaltungs GmbH	Frankfurt am Main	47.54	25	2
DBAG ECF Pontis GmbH & Co. KG	Frankfurt am Main	25.00	14,966	(5)
DBG Asset Management, Ltd.	Jersey	50.00	325	(45)
ECF Breitbandholding GmbH	Frankfurt am Main	41.78	17,501	421
Plant Systems & Services PSS GmbH	Bochum	20.47	679	(25)
Rana Beteiligungsgesellschaft mbH	Frankfurt am Main	47.54	21	1
RQPO Beteiligungs GmbH	Frankfurt am Main	49.00	36	1
RQPO Beteiligungs GmbH & Co. Papier KG	Frankfurt am Main	44.10	0	(11)
Duagon AG	Zürich	21.05	6,248	3,689
Vitronet Projekte GmbH	Essen	43.85	0	1,106
Tridecima Grundstücksverwaltungsgesellschaft mbH	Neubiberg	30.08	1,362	(199)

43.3 OTHER COMPANIES

Based on its investments, DBAG holds more than five percent of the voting rights in the following corporations:

Coveright Surfaces Beteiligungs GmbH i. L.	Frankfurt am Main
FDG Holding S à r.l.	Luxembourg
Heytex Bramsche GmbH	Bramsche
JCK Holding GmbH Textil KG	Quakenbrück
Mageba Holding AG	Bülach

Frankfurt am Main, 21 November 2017

The Board of Management

Torsten Grede

Dr Rolf Scheffels

Susanne Zeidler