



Investment  
Group

# Interim Report

as of March 31, 2018  
C-QUADRAT Investment AG



**C-QUADRAT Investment AG**  
**CONSOLIDATED INCOME STATEMENT**  
for the period January 1, 2018 to March 31, 2018

		1-3 2018	1-3 2017
		Unaudited	
	Notes	<u>TEUR</u>	<u>TEUR</u>
Fee and commission income	IV.1	15,965	12,094
Other operating income	IV.2	<u>171</u>	<u>91</u>
<b>Operating income</b>		<b>16,136</b>	<b>12,185</b>
Fee and commission expenses	IV.1	-7,437	-5,827
Personnel expenses	IV.3	-2,958	-2,888
Other administrative expenses	IV.4	-2,088	-1,655
Other operating expenses	IV.5	<u>-198</u>	<u>-161</u>
<b>Operating profit before depreciation</b>		<b>3,455</b>	<b>1,654</b>
Depreciation	VI.	<u>-457</u>	<u>-464</u>
<b>Operating profit</b>		<b>2,998</b>	<b>1,190</b>
Income from associates	V.3	1,120	664
Financial revenue	IV.8	232	127
Finance expenses	IV.9	<u>-284</u>	<u>-14</u>
<b>Profit before taxes</b>		<b>4,065</b>	<b>1,966</b>
Taxes	IV.10	<u>-641</u>	<u>-326</u>
<b>Net Profit for the period</b>		<b><u>3,424</u></b>	<b><u>1,640</u></b>
thereof parent		3,153	1,172
thereof minorities		271	468
Earnings per share of the continued operation	IV.4	<u>EUR</u>	<u>EUR</u>
- undiluted and diluted, for the profit/loss attributable to the holders of ordinary shares in the company		0.72	0.27

**C-QUADRAT Investment AG**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the period January 1, 2018 to March 31, 2018

		1-3 2018	1-3 2017
		Unaudited	
Notes	<u>TEUR</u>	<u>TEUR</u>	<u>TEUR</u>
<b>Net Profit</b>		<b>3,424</b>	<b>1,640</b>
<b>Other comprehensive income</b>			
<b>Total income and expenses recognised directly in equity:</b>			
Net-profit from financial assets held for sale	IV.13	13	1
Currency-conversion	IV.13	54	5
<b>Taxes on income</b>	IV.13	<u>-2</u>	<u>0</u>
		<b>65</b>	<b>6</b>
<b>Total income and expenses not recycled in future profit and loss:</b>			
Revaluation of performance-oriented obligation	IV.13, V.10	3	0
Tax	IV.13	<u>-1</u>	<u>0</u>
		<u><b>2</b></u>	<u><b>0</b></u>
<b>Other comprehensive income</b>		<b>67</b>	<b>6</b>
thereof shareholder's equity		84	6
thereof minority interest		-18	0
<b>Total comprehensive income</b>		<u><b>3,491</b></u>	<u><b>1,646</b></u>
thereof shareholder's equity		3,238	1,178
thereof minority interest	III.	253	468

**C-QUADRAT Investment AG**  
**CONSOLIDATED BALANCE SHEET**  
as of March 31, 2018

		31.03.2018	31.12.2017
		Unaudited	
ASSETS	Notes	<u>TEUR</u>	<u>TEUR</u>
<b>Non-current assets</b>			
Intangible Assets	V.1, V.2	10,617	10,943
Property, plant and equipment	V.1	1,750	1,838
Shares in associates	V.3	6,045	10,528
Financial investments	V.4	9,131	9,280
Deferred tax asset	IV.10	169	172
<b>Total non-current assets</b>		<b>27,713</b>	<b>32,762</b>
<b>Current assets</b>			
Receivables from customers	V.4, V.5	5,514	21,590
Financial investments	V.4	556	565
Other assets	V.4, V.6	4,296	3,153
Cash and cash equivalents	V.7	35,087	17,527
<b>Total current assets</b>		<b>45,453</b>	<b>42,834</b>
<b>Total assets</b>		<b>73,166</b>	<b>75,596</b>
<b>EQUITY and LIABILITIES</b>			
Issued capital	V.8	4,363	4,363
Add paid-in capital		18,326	18,326
Retained earnings		29,690	26,536
Other reserves	V.8	-333	-290
<b>Equity attributable to shareholders of the parents</b>		<b>52,046</b>	<b>48,935</b>
Minority interests	III.	1,399	1,133
<b>Total equity</b>		<b>53,445</b>	<b>50,068</b>
<b>Non-current liabilities</b>			
Long-term financial liabilities	V.4	3,438	3,750
Non-current provisions	V.10	12	11
Deferred tax liabilities	IV.10	1,519	1,620
<b>Total non-current liabilities</b>		<b>4,968</b>	<b>5,381</b>
<b>Current liabilities</b>			
Short-term financial liabilities	V.4	1,260	1,250
Payables to customers	V.4, V.11	4,707	10,902
Other current liabilities	V.12	5,199	4,538
Other provisions	V.10	1,352	1,382
Income tax payable		2,235	2,075
<b>Total current liabilities</b>		<b>14,753</b>	<b>20,147</b>
<b>Total liabilities</b>		<b>19,721</b>	<b>25,527</b>
<b>Total equity and liabilities</b>		<b>73,166</b>	<b>75,596</b>

**C-QUADRAT Investment AG**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

as of March 31, 2018

	Equity attributable to equity holder of the parent					Shareholders' equity	Minority interest	Total equity		
	Issued capital	Add paid-in capital	Retained earnings	Other reserves						
	<b>Unaudited</b>									
	<b>Notes V8.</b>	<b>Notes V8.</b>	<b>Notes V8.</b>						<b>Notes III.</b>	
<i>TEUR</i>	<i>TEUR</i>	<i>TEUR</i>	<i>TEUR</i>	<i>TEUR</i>	<i>TEUR</i>	<i>TEUR</i>	<i>TEUR</i>			
<b>01.01.2017</b>	<b>4,363</b>	<b>18,326</b>	<b>17,774</b>	<b>32</b>	<b>40,495</b>	<b>702</b>	<b>41,198</b>			
Dividends	0	0	0	0	0	-713	-713			
Total comprehensive income	0	0	1,172	5	1,178	468	1,646			
<b>31.03.2017</b>	<b>4,363</b>	<b>18,326</b>	<b>18,947</b>	<b>38</b>	<b>41,674</b>	<b>457</b>	<b>42,131</b>			
<b>01.01.2018</b>	<b>4,363</b>	<b>18,326</b>	<b>26,535</b>	<b>-291</b>	<b>48,935</b>	<b>1,133</b>	<b>50,068</b>			
Dividends	0	0	0	0	0	0	0			
Total comprehensive income	0	0	3,154	-43	3,111	265	3,377			
<b>31.03.2018</b>	<b>4,363</b>	<b>18,326</b>	<b>29,690</b>	<b>-333</b>	<b>52,046</b>	<b>1,399</b>	<b>53,445</b>			

**C-QUADRAT Investment AG**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**for the period January 1, 2018 to March 31, 2018**

	Notes	1-3 2018	1-3 2017
		Unaudited	
		TEUR	TEUR
Net Profit		<b>3,424</b>	<b>1,640</b>
Taxes	IV.10	641	326
Financial result	IV.8	-232	-113
Affecting net income from financial expenses	IV.9	284	-664
Income from associates	V.3	-1,120	464
Depreciation of intangible assets, property, plant and equipment	V.1	457	0
Increase/decrease in long term provisions	V.10	1	1
Income/loss from the disposal of fixed and financial assets	V.1	0	-10
Increase/decrease in receivables and other assets		14,932	-317
Increase/decrease in other provisions	V.10	-30	-146
Increase/decrease in trade payables		-5,533	811
Income tax paid		-554	-262
<b>Cash flow from operating activities</b>	VI	<b>12,271</b>	<b>1,731</b>
Purchase of property, plant and equipment and intangible assets	V.1	-39	-91
Net payments made for the acquisition of subsidiaries	V.5	-67	0
Payments made for the investments in financial assets	V.4	0	-5,174
Proceeds from sale of assets		0	10
Proceeds from sale of financial assets	V.4	0	126
Interest received	IV.8	11	29
Dividends received	V.3	5,603	0
<b>Cash flow from investing activities</b>	VI	<b>5,507</b>	<b>-5,100</b>
Dividends paid	V.9	0	-713
Interest paid	IV.9	-16	-10
Proceeds from borrowings		0	5,010
Payment of finance lease liabilities		-303	-2
<b>Cash flow from financing activities</b>	VI	<b>-319</b>	<b>4,285</b>
<b>Currency conversion effects</b>		101	54
<b>Net increase in cash and cash equivalents</b>	VI	<b>17,560</b>	<b>971</b>
Cash and cash equivalents at beginning of period		17,527	18,409
<b>Cash and cash equivalents at end of period</b>	V.7	<b>35,087</b>	<b>19,380</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

## I. CORPORATE INFORMATION

The C-QUADRAT Group, including its subsidiaries and interests, is a European independent asset manager and has been listed since November 2006 in the Prime Standard segment of the Frankfurt Stock Exchange and since May 2008 in the Prime Market segment on the Vienna Stock Exchange. The core competences of the company are the analysis and management of investment funds and the management and marketing of its own funds of funds, stockpicking funds as well as special mandates for institutional clients. These business operations mainly generate fee and commission revenue for the C-QUADRAT Group from management and consulting in relation to the aforementioned products.

Due to C-QUADRAT's historical development, to date its business activities have focused on Austria and Germany. In 2012 C-QUADRAT expanded its business activities to include Luxembourg, the United Kingdom and Switzerland. The company subsequently extended its business operations to Armenia and Spain. Please see *Item III. of the Notes* for further information on the Group's structure. Information on the Group's other relationships with associates and joint ventures may also be found in *Item III. of the Notes*.

The registered office of the Group parent company, C-QUADRAT Investment AG (hereinafter: "CIV") is located at Schottenfeldgasse 20, 1070 Vienna, Austria. The company is registered in the Companies Register held at Vienna Commercial Court under the registration number 55148a.

## II. ACCOUNTING POLICIES

### *2.1. Basis for preparation of the unaudited condensed interim financial statements*

The condensed interim financial statements as of March 31, 2018 were prepared, in accordance with Directive 83/349 EEC (Consolidated Accounts Directive), on the basis of the International Financial Reporting Standards (IFRSs) adopted and published by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRIC), as applicable in the European Union (EU). The unaudited and condensed interim financial statements as of March 31, 2018 comply with IAS 34. They do not include all of the disclosures which are required in consolidated financial statements for a full financial year and should be read in conjunction with the C-QUADRAT Group's consolidated financial statements as of December 31, 2017.

The present condensed interim financial statements cover the interim period from January 1, 2018 to March 31, 2018 and consist of the consolidated income statement, the consolidated statement of income and accumulated earnings, the consolidated balance sheet, the consolidated statement of cash flows, the consolidated statement of changes in equity, and the notes to the condensed interim financial statements.

The condensed interim financial statements are prepared in EUR and presented as figures rounded to the nearest EUR thousand. Due to the use of automated aids to calculation, arithmetic differences may result when rounded amounts and percentages are totaled.

On May 14, 2018, the management approved for publication the condensed interim financial statements of the C-QUADRAT Group for the interim period from January 1, 2018 to March 31, 2018.

## **2.2. Changes in accounting policies**

These condensed consolidated interim financial statements as of March 31, 2018 have been prepared on the basis of the same accounting policies as were applied for preparation of the consolidated financial statements as of December 31, 2017. The one exception from this principle consists of the standards and interpretations first applicable as of January 1, 2018. The C-QUADRAT Group has not opted for early application of any other standards, interpretations or changes which have been published but are not yet mandatory.

The following new or revised standards and interpretations are relevant for the consolidated financial statements of C-QUADRAT Investment AG:

The C-Quadrat Group has applied IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments) for the first time. This has not resulted in any restatement of the prior-year consolidated financial statements.

On January 13, 2016 the IASB published **IFRS 16** (Leases). For lessees, the new standard prescribes an accounting model which waives the distinction between finance leases and operating leases. In future, most lease agreements will be recognizable in the balance sheet. For lessors, the provisions of IAS 17 "Leases" will largely remain unchanged, so that the distinction between finance leases and operating leases will continue to apply here and thus entail different balance-sheet consequences. IFRS 16 replaces IAS 17 and the related interpretations and is first applicable for financial years beginning on or after January 1, 2019. The EU adopted these amendments on October 31, 2017. Early adoption is possible if IFRS 15 "Revenue from Contracts with Customers" is simultaneously adopted. The possible effects for the consolidated financial statements are currently being assessed.

On June 7, 2017 the interpretation **IFRIC 23** - Uncertainty over Income Tax Treatments was published in order to clarify the accounting for uncertainties in income taxes. This interpretation will apply for reporting years beginning on or after January 1, 2019. Adoption by the EU is scheduled for 2018. The possible effects for the consolidated financial statements are currently being assessed.

On October 12, 2017 the IASB published amendments to IAS 28 - Long-term Interests in Associates and Joint Ventures, to clarify that a company applies IFRS 9 "Financial Instruments" to long-term interests in an associate or joint venture that form part of the net investment in this associate or joint venture but to which the equity method is not applied. The amendments will apply for reporting years beginning on or after January 1, 2019. Adoption by the EU is scheduled for 2018. The possible effects for the consolidated financial statements are currently being assessed.

The IASB published amendments to IAS 19 on February 7, 2018. These amendments will apply for reporting years beginning on or after January 1, 2019. Adoption by the EU is scheduled for 2018. The possible effects for the consolidated financial statements are currently being assessed.

On March 29, 2018, the IASB published a framework for financial reporting. These amendments will apply for reporting years beginning on or after January 1, 2020. Adoption by the EU is scheduled for 2019. The possible effects for the consolidated financial statements are currently being assessed.

### Improvements to the IFRS cycle 2015-2017

On December 12, 2017, the IASB published annual improvements to the IFRS cycle 2015-2017 and amended the following standards:



## IFRS 3 Business Combinations and IFRS 11 Joint Arrangements

The amendments of IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity will remeasure previously held interests in that business. The amendments of IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The amendments to IFRS 3 and IFRS 11 will enter into force for reporting periods beginning on or after January 1, 2019. Adoption of these amendments by the EU is scheduled for 2018. The effects of these amendments for the consolidated financial statements are currently being assessed.

## IAS 12 Income Taxes

These amendments clarify that the rules in the previous paragraph 52B (to recognize the income tax consequences of dividends where the transactions or events that generated distributable profits are recognized) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits. The amendments to IFRS 12 will enter into force for reporting periods beginning on or after January 1, 2019. Adoption of these amendments by the EU is scheduled for 2018. The effects of these amendments for the consolidated financial statements are currently being assessed.

IAS 23 Borrowing Costs The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows *generally* when calculating the capitalization rate on general borrowings. The amendments to IAS 23 will enter into force for reporting periods beginning on or after January 1, 2019. Adoption of these amendments by the EU is scheduled for 2018. The effects of these amendments for the consolidated financial statements are currently being assessed.

On October 12, 2017, the IASB also published amendments to **IFRS 9** (Financial Instruments). The amendments concern a limited adjustment of the assessment criteria relevant to the classification of financial assets. Under certain circumstances, financial assets with a negative loan prepayment penalty may be carried in the other comprehensive income at amortized cost or at fair value and recognized directly in equity instead of measured at fair value in income. The amendments will enter into force for reporting periods beginning on or after January 1, 2019. These amendments were adopted by the EU on March 22, 2018. The effects of these amendments for the consolidated financial statements are currently being assessed.

## Foreign currency translation

Currency translation was based on the following exchange rates:

in EUR	Closing rate on			
	3/31/2018	12/31/2017	3/31/2017	12/31/2016
CHF	<b>0.849</b>	0.855	<b>0.934</b>	0.931
USD	<b>0.812</b>	0.834	<b>0.935</b>	0.949
GBP	<b>1.143</b>	1.127	<b>0.169</b>	1.168
KYD	<b>0.974</b>	1.003	<b>1.117</b>	1.452
AMD	<b>0.002</b>	0.002	<b>0.002</b>	0.002

in EUR	Jan. - Mar. 2018	Average rate		2016
		2017	Jan. - Mar. 2017	
CHF	<b>0.858</b>	0.893	<b>0.933</b>	0.927
USD	<b>0.814</b>	0.906	<b>0.939</b>	0.932
GBP	<b>1.132</b>	1.143	<b>1.168</b>	1.219
KYD	<b>0.978</b>	1.074	<b>1.131</b>	1.120
AMD	<b>0.002</b>	0.002	<b>0.002</b>	0.002

### III. SCOPE OF CONSOLIDATION

In addition to C-QUADRAT Investment AG, the interim financial statements of the C-QUADRAT Group as of March 31, 2018, include a total of thirteen fully consolidated subsidiaries (December 31, 2017: 13) and two companies accounted for at equity (December 31, 2017: 2).

#### 1. Changes in the scope of consolidation in the 2018 interim period

There were no changes in the scope of consolidation in the 2018 interim period.

#### 2. Changes in the scope of consolidation in the 2017 interim period

There were no changes in the scope of consolidation in the 2017 interim period.

### IV. NOTES TO THE INCOME STATEMENT

#### 1. Fee and commission income and expenses

Fee and commission income includes the following income from asset management on behalf of third parties:

	Jan. - Mar. 2018 € '000	Jan. - Mar. 2017 € '000
Management fees	<b>12,210</b>	10,638
Performance fees	<b>2,742</b>	485
Other fees	<b>1,013</b>	971
<b>Total</b>	<b>15,965</b>	12,094

In the 2018 interim period, the C-QUADRAT Group's assets under management (AUM) decreased by 7.6% to EUR 9.4 billion (AUM December 31, 2017: EUR 10.2 billion). Management fees amounted to EUR 12,210 thousand (2017 interim period: EUR 10,638 thousand).

Due to the current market situation and the funds' performance, to date in 2018 performance-related management fees have been generated in the amount of EUR 2,742 thousand (2017 interim period: EUR 485 thousand).

Fee and commission expenses include the following expenses from asset management on behalf of third parties:

	Jan. - Mar. 2018 € '000	Jan. - Mar. 2017 € '000
Management fees	5,506	5,134
Performance fees	1,299	5
Other fees	632	688
<b>Total</b>	<b>7,437</b>	<b>5,827</b>

## 2. Net income from associates and joint ventures

The net income from associates and joint ventures relates to the Group's share in the profits and losses of associates and joint ventures, which are accounted for using the equity method. Further details on associates and joint ventures may be found in *Item V.3 of the Notes*.

## 3. Taxes on income

The Group calculates tax expenditure for the period under review on the basis of the tax rate applicable for its future net income for the year. In the period under review, this tax expenditure comprised the following key elements:

	Jan. - Mar. 2018 € '000	Jan. - Mar. 2017 € '000
Actual expense for taxes on income	713	391
Deferred taxes on income	-72	-65
<b>Tax expenditure</b>	<b>641</b>	<b>326</b>

## 4. Earnings per share

Calculation of the undiluted earnings per share was based on the following number of weighted average ordinary shares issued:

	January 1 to March 31, 2018	January 1 to March 31, 2017
Average number of ordinary shares	4,363,200	4,363,200

Please see *Item V.6 of the Notes* for further details of the changes in the number of ordinary shares.

## 5. Segment reporting

For the purpose of corporate management, the Group's organizational structure comprises the operating units "Investments" and "Asset Management and Sales" in terms of its products and services. The Management Board has resolved to classify its reporting in terms of its products and services as key management information.

The structure of these operating segments and the contents of the reporting reflect the internal structure of reporting for the Management Board. The Management Board monitors the business units' pre-tax profit/loss for the period, so as to decide on the allocation of resources and to determine the earnings power of the respective units. The development of the segments is determined on the basis of the profit/loss and is assessed in conjunction with the profit/loss reported in the consolidated financial statements. The transfer prices between the operating segments are determined at normal market conditions for transactions with third parties.

Accordingly, the Group has the following segments which are subject to mandatory reporting:

- The "Investments" operating segment handles management of investments.

The Investments segment includes the company:

C-QUADRAT Investment AG
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- The "Asset Management and Sales" operating segment handles the management of external assets within the scope of publicly launched investment funds as well as the marketing of the company's own investment funds and products. In this operating segment, information is also analyzed according to geographical segments, with a breakdown for Austria and other countries. This operating segment thus includes the geographical segments "Asset Management and Sales – Austria" and "Asset Management and Sales – Other Countries".

The following companies are included in the Asset Management and Sales segment:

Asset Management and Sales segment – Austria

C-QUADRAT Wealth Management GmbH
C-QUADRAT Asset Management GmbH

Asset Management and Sales segment – Other Countries

C-QUADRAT Deutschland GmbH
C-QUADRAT Luxembourg SA
C-QUADRAT US Real Estate LLC
C-QUADRAT UK Ltd
C-QUADRAT Bluestar Ltd
BCM & Partners SA
C-QUADRAT Asset Management (Cayman)
C-QUADRAT Asset Management (UK) LLP
C-QUADRAT Advisors SL
C-QUADRAT VENTURES LUX S.à.r.l.
C-QUADRAT Ampega Asset Management Armenia LLC

**Disclosures concerning segment revenue and segment earnings**

The following table shows the revenue and earnings of the Group's individual segments subject to mandatory reporting:

## 2018 interim period

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000	Austria	Other countries		
		€ '000	€ '000		
Fee and commission income	13	13,898	3,926	-1,872	15,965
<i>From external customers</i>	13	13,057	2,895	0	15,965
<i>Intersegment income</i>		842	1,030	-1,872	0
Pre-tax segment earnings	327	3,547	542	-351	4,065

## 2017 interim period

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000	Austria	Other countries		
		€ '000	€ '000		
Fee and commission income	13	9,872	2,646	-437	12,094
<i>From external customers</i>	13	9,435	2,646	0	12,094
<i>Intersegment income</i>	0	437	0	-437	0
Pre-tax segment earnings	122	1,759	85	0	1,966

## Disclosures concerning segment assets and liabilities

The following table shows the assets and liabilities of the Group's individual segments subject to mandatory reporting:

### As of March 31, 2018

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000	Austria	Other countries		
		€ '000	€ '000		
Segment assets	47,745	30,009	33,214	-37,803	73,166
Segment liabilities	7,831	10,639	13,739	-12,488	19,721

### As of March 31, 2017

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000	Austria	Other countries		
		€ '000	€ '000		
Segment assets	47,260	32,848	35,556	-40,069	75,596
Segment liabilities	7,757	16,220	16,304	-14,754	25,527

## 6. Other comprehensive income

Development of other comprehensive income before tax:

	Jan. - Mar. 2018 € '000	Jan. - Mar. 2017 € '000
<b>Reserve for available-for-sale financial assets</b>		
<i>Profits (losses) resulting in the current period</i>	13	1
<b>Contribution to other comprehensive income resulting from measurement of available-for-sale financial assets (before taxes)</b>	13	1
<b>Reserve for differences resulting from currency translation</b>	54	5
	<b>Jan. - Mar. 2018 € '000</b>	<b>Jan. - Mar. 2017 € '000</b>
<b>Taxes applicable on portions of other comprehensive income:</b>		
<b>Available-for-sale financial assets</b>		
<i>Profits (losses) resulting in the current period</i>	-2	0
<b>Tax effect for other comprehensive income resulting from measurement of available-for-sale financial assets</b>	-2	0

## V. NOTES ON THE BALANCE SHEET

### 1. Intangible assets and property, plant and equipment

In the 2018 interim period, the Group purchased property, plant and equipment and intangible assets at a cost of EUR 39 thousand (2017 interim period: EUR 91 thousand), mainly comprising operating and office equipment.

In the period from January 1 to March 31, 2018, the Group sold assets with a carrying amount of EUR 0 thousand (2017 interim period: EUR 0 thousand) and realized a net disposal gain in the amount of EUR 0 thousand (2017 interim period: EUR 10 thousand).

### 2. Impairment tests

#### Non-financial assets including goodwill

The goodwill acquired through business combinations and customer bases have been allocated to the following cash-generating units for impairment testing:

- Cash-generating unit "C-Quadrat UK Group", which comprises the following companies:

C-QUADRAT Luxembourg SA
C-QUADRAT UK Ltd
C-QUADRAT Bluestar Ltd
BCM & Partners SA
C-QUADRAT Asset Management (Cayman)
C-QUADRAT Asset Management (UK) LLP
C-QUADRAT Advisors SL
C-QUADRAT VENTURES LUX S.à.r.l.

- Cash-generating unit “C-QUADRAT Asset Management GmbH”

The Group performed its annual impairment testing on December 31. An intra-year test will be performed if circumstances suggest possible impairment of acquired goodwill.

On March 31, 2018 goodwill was allocated to these units as follows:

	3/31/2018	12/31/2017
	€ '000	€ '000
C-Quadrat UK Group	4,031	4,031
C-QUADRAT Asset Management GmbH	420	420
<b>Total</b>	<b>4,451</b>	<b>4,451</b>

On March 31, 2018 the following unit accounts for the customer base:

	3/31/2018	12/31/2017
	€ '000	€ '000
C-Quadrat UK Group	6,075	6,395
<b>Total</b>	<b>6,075</b>	<b>6,395</b>

The Group’s impairment test for goodwill is based on a value-in-use calculation for the respective cash-generating unit, including cash flow forecasts. The underlying assumptions for determination of the recoverable amount for the various cash-generating units were set out in the consolidated financial statements as of December 31, 2017. As of March 31, 2018 there are no indications of any impairment.

#### Sensitivity of assumptions

With regard to determination of the value in use of the cash-generating units, there are no significant changes by comparison with the sensitivity details provided in the consolidated financial statements for the financial year ending December 31, 2017.

### 3. Investments in associates and joint ventures

The Group has the following associates and joint ventures:

	3/31/2018	12/31/2017
	€ '000	€ '000
ARTS Asset Management GmbH (45%)	5,989	10,472
Ampega C-QUADRAT Fondsmarketing GmbH i.L. (50%)	56	56
<b>Total</b>	<b>6,045</b>	<b>10,528</b>

### 4. Financial assets and financial liabilities

#### Financial assets

Financial assets	3/31/2018	12/31/2017
	€ '000	€ '000
<b>Non-current financial assets</b>		
Financial assets measured at fair value and recognized directly in equity (FVTOCI)	1,702	1,664
Loans and receivables	7,429	7,616
<b>Total non-current financial assets</b>	<b>9,131</b>	<b>9,280</b>
<b>Current financial assets</b>		
Financial assets measured at fair value in income (FVTPL)	556	565
Loans and receivables	9,810	24,741
Cash and cash equivalents	35,087	17,527
Total current financial assets	45,453	42,833
<b>Total financial assets</b>	<b>54,584</b>	<b>52,113</b>

Financial assets measured at fair value and recognized directly in equity (FVTOCI)

FVTOCI assets comprise listed bonds in the amount of EUR 503 thousand (December 31, 2017: EUR 508 thousand), investment fund units in the amount of EUR 1,130 thousand (December 31, 2017: EUR 1,065 thousand) and the 9.004% interests in the share capital of QC Partners GmbH in the amount of EUR 70 thousand (December 31, 2017: EUR 91 thousand).

The Group assesses, as of each balance-sheet date, whether there is objective evidence that an asset or a group of assets is impaired. In the case of FVTOCI assets, such objective evidence would include a significant or prolonged decline in the fair value of the instrument below its cost. A “significant” or “prolonged” decline is assessed on the basis of a discretionary decision. ‘Significant’ is evaluated against the original cost of the investment. “Prolonged” is evaluated against the period in which the fair value has been below its original cost.

As of March 31, 2018, the Group did not determine any impairment loss on its FVTOCI assets (December 31, 2017: EUR 0 thousand). The impairment for available-for-sale financial assets will be recognized under finance costs in the income statement.

### Loans and receivables

Non-current loans and receivables are measured at amortized cost and mainly comprise security deposits in the amount of EUR 397 thousand (December 31, 2017: EUR 391 thousand) and one long-term profit-dependent loan with an annual interest rate of up to 12%, due at the end of the respective period, and a maximum term of seven years, in the amount of EUR 7,031 thousand (December 31, 2017: EUR 7,224 thousand), in accordance with their fair values.

Current loans and receivables are measured at amortized cost and include receivables from customers in the amount of EUR 5,514 thousand (December 31, 2017: EUR 21,590 thousand). In the third quarter of 2017, the license conversion at C-QUADRAT Wealth Management GmbH (previously C-QUADRAT Kapitalanlage AG) also resulted in the easing of regulatory requirements in the receivables management field. Due to the suspension of certain conditions, a number of previously complex processes were simplified which, in turn,



resulted in a minor adjustment of payment targets. Receivables were subsequently settled after the end of the calendar month, having previously been settled before the end of the calendar month in some cases. Accordingly, since this time net receivables at the end of the calendar month have increased by comparison with prior periods. In addition to the intra-year receivables still outstanding, as of December 31, 2017 outstanding receivables due to year-end performance fees amounted to EUR 14,622 thousand.

Moreover, other assets have been reported in the amount of EUR 4,296 thousand (December 31, 2017: EUR 3,153 thousand). As input factors, the carrying amounts serve as a realistic estimate of the fair value.

### Financial assets measured at fair value in income

The financial assets measured at fair value in the income statement relate to investments in investment funds which are entirely (December 31, 2017: entirely) traded on the stock market or at calculated values that are published daily.

### Cash and cash equivalents

Bank balances are measured at cost and bear interest at variable interest rates for bank balances available on demand. Current deposits are invested for periods of between one week and three months, depending on cash flow requirements. The fair value of cash and cash equivalents is EUR 35,087 thousand (December 31, 2017: EUR 17,527 thousand).

Cash and cash equivalents were recognized as the company's funds for the purpose of the consolidated statement of cash flows.

### Financial liabilities

Financial liabilities	3/31/2018	12/31/2017
	€ '000	€ '000
<b>Non-current liabilities at amortized cost:</b>		
Liabilities to banks	3,438	3,750
<b>Current liabilities at amortized cost:</b>		
Liabilities to banks	1,260	1,250
Liabilities to customers	4,707	10,902
Other liabilities and provisions	6,551	5,920
<b>Total current liabilities at amortized cost</b>	<b>12,518</b>	<b>18,072</b>
<b>Total financial liabilities at amortized cost</b>	<b>15,955</b>	<b>21,821</b>

### Liabilities at amortized cost

On the balance sheet date, the C-QUADRAT Group had non-current liabilities to banks comprising an unsecured interest-bearing bank loan in the amount of EUR 3,438 thousand (December 31, 2017: EUR 3,750 thousand) and current liabilities to banks in the amount of EUR 1,260 thousand (December 31, 2017: EUR 1,250 thousand). This is due quarterly from March 31, 2018 in equal portions:

	Nominal value/scope € '000	Carrying amount € '000	Effective interest rate as %	Term to maturity
Loans (fixed interest rate)	5,000	5,000	1.24%	2018-2021

These loans have the following maturities:

	3/31/2018 € '000	12/31/2017 € '000
Up to one year	1,260	1,250
Longer than one year and up to five years	3,438	3,750
<b>Total</b>	<b>4,698</b>	<b>5,000</b>

For the Group's current liabilities to customers in the amount of EUR 4,707 thousand (December 31, 2017: EUR 10,902 thousand) and other current liabilities in the amount of EUR 6,551 thousand (December 31, 2017: EUR 5,920 thousand), as input factors the carrying amounts are used as a realistic estimate of the fair value.

### Fair value

The following table shows the carrying amounts and the fair values of all financial assets and financial liabilities recognized in the consolidated financial statements:

Financial assets	Carrying amount		Fair value	
	3/31/2018 € '000	12/31/2017 € '000	3/31/2018 € '000	12/31/2017 € '000
Financial assets measured at fair value and recognized directly in equity (FVTOCI)	1,702	1,664	1,702	1,664
Loans and receivables (non-current)	7,429	7,615	7,429	7,615
Financial assets measured at fair value in income	556	565	556	565

Financial liabilities	Carrying amount		Fair value	
	3/31/2018 € '000	12/31/2017 € '000	3/31/2018 € '000	12/31/2017 € '000
Liabilities to banks	4,697	5,000	4,697	5,000

### Determination of fair values

The following methods and assumptions are applied to determine fair values:

- The fair value of financial assets listed on a stock exchange and measured at fair value in income (FVTPL) is measured at the prices listed as of the balance sheet date.

- The fair value of the FVTOCI assets listed on a stock exchange and measured at fair value is determined on the basis of stock market prices on active markets on the balance sheet date.
- The fair value of non-quoted instruments and loans is estimated by discounting the future cash flows using interest rates currently available for loan capital borrowed subject to similar conditions, default risks and remaining terms to maturity.
- The market value of the interests in the share capital of QC Partners GmbH is determined by means of a simplified approach, on the basis of the value of the pro rata equity of QC Partners GmbH as of the balance sheet date.

#### *Hierarchy of fair value*

For financial instruments measured at fair value as of September 30, 2017 and for financial instruments for which a fair value is indicated, the Group uses the following hierarchy to determine and recognize the fair values of financial instruments according to the respective measurement method:

- Level 1: Quoted and unadjusted prices on active markets for identical assets or liabilities.
- Level 2: Methods in which all input parameters having a material effect on the recognized fair value are observable either directly or indirectly.
- Level 3: Methods using input parameters that materially affect the recognized fair value and are not based on observable market data.

At the end of the reporting period in which the change has occurred, the Group recognizes transfers between fair value measurements in Level 1, Level 2 and Level 3.

<b>Financial assets</b>	<b>3/31/2018</b>				<b>12/31/2017</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Financial assets measured at fair value and recognized directly in equity (FVTOCI)	1,702	503	1,130	70	1,664	508	1,065	91
Loans and receivables (non-current)	7,429	0	397	7,032	7,615	0	391	7,224
Financial assets measured at fair value in income (FVTPL)	556	0	556	0	565	0	565	0

<b>Financial liabilities</b>	<b>3/31/2018</b>				<b>12/31/2017</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Liabilities to banks	4,697	0	4,697	0	5,000	0	5,000	0

During the reporting period from January 1 to March 31, 2018, there were no transfers between fair value measurements in Level 1, Level 2 and Level 3.

## 7. Share capital and reserves

Detailed information regarding the changes in share capital and reserves is provided in the statement of changes in equity. The company's share capital is divided up into 4,363,200 no-par-value shares.

## 8. Risk report

The main financial instruments used by the Group include investments in ordinary and preference shares, shares in investment funds, investments, cash and cash equivalents, bank loans and finance leases. The Group has various other financial assets and liabilities, such as receivables from and liabilities to customers, which arise directly from its business activities. The Group does not use any derivative financial instruments such as forward exchange transactions to hedge interest and foreign exchange risks.

The principal risks to which the Group is exposed as a result of holding financial instruments are cash flow risks relating to interest rates, as well as liquidity, foreign exchange and credit risks. The management of the company establishes and reviews risk management policies for each of these risks, as described in the following.

### *Cash flow risks relating to interest rates*

On March 31, 2018 the C-QUADRAT Group has bank liabilities in the amount of EUR 4,697 thousand (December 31, 2017: EUR 5,000 thousand). Since the bank loan in the amount of EUR 5,000 thousand is subject to a fixed interest rate throughout its term, the company is exposed to a limited risk associated with fluctuating market interest rates. Accordingly, no hedges were used to eliminate an interest rate risk.

### *Foreign exchange risk*

The following table shows the sensitivity of the Group's consolidated pre-tax earnings (due to changes in the fair values of monetary assets and liabilities) to a 10% increase in the GBP, CHF, AMD and USD exchange rates, which is reasonably considered to be possible. A positive figure indicates an increase in the net income for the year, if one of the above-mentioned foreign currencies increases by 10% in relation to the euro. If the respective currency falls by 10% against the euro, this has an equally large but opposite effect on the net income for the year, so the items shown below would then be negative.

	GBP effects		CHF effects		AMD effects		USD effects	
	3/31/2018	3/31/2017	3/31/2018	3/31/2017	3/31/2018	3/31/2017	3/31/2018	3/31/2017
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Pre-tax earnings	3	11	3	8	7	6	44	N/A

During the period under review, C-QUADRAT generated 22% of its revenues in foreign currencies, of which in GBP (10%), USD (9%), CHF (2%) and AMD (2%). A majority of the company's business operations are carried out within the Eurozone. Above all, this applies with respect to the subsidiaries C-QUADRAT Wealth Management GmbH, C-QUADRAT Asset Management GmbH and C-QUADRAT Deutschland GmbH. A portion of the C-QUADRAT Group's revenues and profits are generated by subsidiaries that are not headquartered in the Eurozone. This mainly relates to the C-QUADRAT UK Group.

### *Credit risk*

The Group concludes transactions only with recognized and creditworthy third parties. All customers wishing to trade with the Group on credit terms are subjected to a credit assessment. Receivables are also monitored continuously, with the result that the Group is not exposed to any significant default risk. For the Group's other financial assets, such as cash and cash equivalents, financial assets measured at fair value through profit or loss and available-for-sale financial assets, the maximum default risk In the event of counterparty default is the carrying amount of the respective instruments. Since the Group concludes transactions only with third parties who are recognized and creditworthy, collateral is not required.

### *Liquidity risk*

The company continuously monitors the risk of liquidity bottlenecks using a liquidity planning tool. This is used in particular to plan and monitor expected cash flows from business operations (fee and commission income and expenses). The company aims to maintain a balance between continuous coverage of funding requirements and safeguarding of financial flexibility, by using different terms for fixed deposits and also overdraft facilities and loans. As of March 31, 2018, as well as securities which may be liquidated at any time the Group has cash and cash equivalents in the amount of EUR 35,087 thousand (December 31, 2017: EUR 17,527 thousand), which is equivalent to approx. 48.0% of the balance sheet total (December 31, 2017: 23.2%). The company therefore has robust liquidity at its disposal.

### *Capital management*

The primary objective of the Group's capital management activities is to ensure that it maintains an appropriate equity ratio in order to support its business operations and maximize shareholder value. The Group manages its capital structure and makes adjustments in response to changes in macroeconomic conditions. In order to maintain or adjust its capital structure, the Group may adjust its dividend payments to shareholders, make capital repayments to shareholders or issue new shares.

	3/31/2018	12/31/2017
	€ '000	€ '000
Share capital	4,363	4,363
Reserves	15,941	15,983
Group profits	3,153	15,306
Profit carryforward less dividend	28,589	13,282
Non-controlling interests	1,399	1,133
Equity according to IFRS	53,445	50,068
Liabilities	19,721	25,527
Total equity and liabilities	73,166	75,596
Equity ratio according to IFRS	73.0%	66.2%

## **8. Related party disclosures**

Companies and individuals are considered to be related parties if one of the parties has the opportunity to control the other party or to exercise a significant influence over its financial and business policies.

A company or individual is considered to be a related party of C-QUADRAT if the party controls or is controlled by or is jointly controlled with the company, either directly or indirectly via one or more intermediaries, or holds an interest in the company that gives it a significant influence over the company, or is involved in the joint management of the company. A company or individual is considered to be a related party when the party is an associate or joint venture, or the party is a person in a key management position in the company or its parent company.

Under a consulting agreement, expenses have arisen in relation to Cubic (London) Limited, UK, in 2018 interim period in the amount of EUR 31 thousand (2017 interim period: EUR 32 thousand). As of March 31, 2018, the resulting liability amounts to EUR 10 thousand (December 31, 2017: EUR 10 thousand). Cubic (London) Limited holds 98.47% of the voting rights in C-QUADRAT Investment AG.

In 2018 interim period, expenses with a volume of EUR 28 thousand (2017 interim period: EUR 0 thousand) have arisen in relation to Realissimo GmbH, a related party of Mr. Thomas Riess, due to consulting services. As of March 31, 2018, the resulting liability amounts to EUR 0 thousand (December 31, 2017: EUR 38 thousand). Mr. Riess was a member of the Management Board of C-QUADRAT Investment AG until May 31, 2017 and continues to hold various positions at C-QUADRAT Group companies.

C-QUADRAT Asset Management (UK) LLP has a consultancy contract with Esprit De L'ilot, a firm which is wholly owned by Carlo Michienzi who is the Chairman of the Management Board of C-QUADRAT Asset Management (UK) LLP. In the current 2018 financial year, consulting fees in the amount of EUR 30 thousand (2017 interim period: EUR 0 thousand) were paid to Esprit De L'ilot. As of March 31, 2018, the resulting liability amounts to EUR 0 thousand (December 31, 2017: EUR 0 thousand).

Transactions with related parties are conducted at arm's length conditions.

## **Management Board**

In the 2018 interim period, the Management Board of C-QUADRAT Investment AG consisted of the following persons:

Gerd Alexander Schütz  
Cristobal Mendez de Vigo  
Carlos Mendez de Vigo

## **Supervisory Board**

In the 2018 interim period, the Supervisory Board of C-QUADRAT Investment AG consisted of the following persons:

### *Chairman:*

Dr. Marcus Mautner-Markhof

### *Vice Chairman:*

Franz Fuchs

### *Members:*

Dr. Hubert Cussigh  
Harry Ploemacher  
Dr. Friedrich Schweiger  
Klemens Hallmann

## **Associates and joint ventures**

Revenues amounting to EUR 140 thousand were generated from associates and joint ventures in the 2018 interim period (2017 interim period: EUR 465 thousand). These revenues relate mainly to fee and commission income, passed-on expenses and performance fees. Expenses in the amount of EUR 3,692 thousand (2017 interim period: EUR 2,361 thousand) were charged to the company by associates and joint ventures in the 2018 interim period. These charges mainly related to fee and commission expenses. As of March 31, 2018, receivables from associates and joint ventures amounted to EUR 43 thousand (December 31, 2017: EUR 874 thousand) and payables to associates and joint ventures to EUR 764 thousand (December 31, 2017: EUR 7,502 thousand).

## **8. Distributed dividends**

In the 2018 interim period the Group has not yet passed any resolution regarding the distribution of a dividend for the financial year 2017. At the Annual General Meeting held on May 4, 2018, the distribution of a dividend in the amount of EUR 2.00 per share was resolved for the 2017 financial year. (2016: EUR 1.50 per share).

## **9. Contingent liabilities**

There were no contingent liabilities as of March 31, 2018.

## **10. Events after the balance sheet date**

In this respect, we also refer to the audited and published annual financial statements as of December 31, 2017.

No further significant events requiring disclosure have occurred since the balance sheet date.

## **VI. NOTES TO THE CASH FLOW STATEMENT**

The consolidated cash flow statement of the C-QUADRAT Group shows how the Group's cash and cash equivalents changed as a result of the inflow and outflow of funds during the reporting year. Within the cash flow statement, a distinction is made between cash flows from operating activities, investing activities and financing activities. The cash flow statement is prepared using the indirect method. The funds on which the cash flow statement is based are the cash and cash equivalents, which comprise bank balances and cash in hand. Please see **Item V.5 in the Notes** with regard to the reconciliation of these funds with the cash and cash equivalents reported in the balance sheet.

The cash flow from investing activities mainly comprises dividends received from the associate ARTS Asset Management GmbH in the amount of EUR 5,603 thousand (2017 interim period: EUR 0 thousand) and payments made for the purpose of lending in the amount of EUR 0 thousand (2017 interim period: 5,174).

The cash flow from financing activities mainly comprises dividends paid to non-controlling shareholders in the amount of EUR 0 thousand (2017 interim period: EUR -713 thousand) and payments made due to the repayment of financial liabilities in the amount of EUR 313 thousand (2017 interim period: EUR -2 thousand).

## VII. OTHER DISCLOSURES

### Volume of managed funds

The total volume of funds managed by the C-QUADRAT Group developed as follows:

	<b>3/31/2018</b>	12/31/2017
	<b>EUR million</b>	EUR million
ARTS Asset Management GmbH	<b>2,549</b>	2,604
C-QUADRAT Asset Management GmbH	<b>2,349</b>	2,399
C-QUADRAT UK Group	<b>3,739</b>	4,572
QC Partners GmbH	<b>777</b>	613
<b>Total volume</b>	<b>9,414</b>	10,187

### Average number of employees during the interim period (FTE – full time equivalent)

	<b>January - March 2018</b>	January - March 2018
	Total	Total
Group	<b>86</b>	85
Companies not fully included in the scope of consolidation	<b>16</b>	23

The above employee figures exclusively comprise salaried employees.

Vienna, May 14, 2018

Gerd Alexander Schütz, m.p.  
Member of the Management Board

Cristobal Mendez de Vigo, m.p.  
Member of the Management Board

Carlos Mendez de Vigo, m.p.  
Member of the Management Board