



Investment  
Group

# Interim Financial Report

as of June 30, 2018, acc. to Section 87 (1) Stock Market Act  
C-QUADRAT Investment AG, Vienna



## Table of contents

1. Interim Financial Report .....	1
Consolidated Income Statement.....	1
Statement of Comprehensive Income.....	2
Consolidated Balance Sheet.....	3
Consolidated Statement of Changes in Equity.....	4
Consolidated Cash Flow Statement.....	5
Notes to the condensed interim consolidated Financial Statements.....	6
2. Half Year Group Management Report.....	26
3. Statement by Statutory Representatives.....	34

**C-QUADRAT Investment AG**  
**CONSOLIDATED INCOME STATEMENT**  
for the period January 1, 2018 to June 30, 2018

		1-6 2018	1-6 2017	2.Q 2018	2.Q 2017
		Unaudited			
Notes	TEUR	TEUR		TEUR	TEUR
Fee and commission income	IV.1	28.721	25.304	12.756	13.210
Other operating income		519	231	348	140
<b>Operating income</b>		<b>29.240</b>	<b>25.535</b>	<b>13.104</b>	<b>13.350</b>
Fee and commission expenses	IV.1	-13.426	-11.960	-5.989	-6.133
Personnel expenses		-6.314	-6.406	-3.356	-3.518
Other administrative expenses		-4.281	-3.307	-2.193	-1.652
Other operating expenses		-419	-319	-221	-158
<b>Operating profit before depreciation</b>		<b>4.801</b>	<b>3.543</b>	<b>1.345</b>	<b>1.889</b>
Depreciation		-913	-928	-456	-464
<b>Operating profit</b>		<b>3.888</b>	<b>2.615</b>	<b>890</b>	<b>1.425</b>
Income from associates	IV.2	1.813	1.349	693	685
Financial revenue		789	420	557	293
Finance expenses		-762	-507	-478	-493
<b>Profit before taxes</b>		<b>5.727</b>	<b>3.878</b>	<b>1.662</b>	<b>1.911</b>
Taxes	IV.3	-992	-653	-351	-327
<b>Net Profit for the period</b>		<b>4.735</b>	<b>3.224</b>	<b>1.310</b>	<b>1.584</b>
thereof parent		3.842	2.587	689	1.415
thereof minorities		893	638	622	169
Earnings per share of the continued operation	IV.4	EUR	EUR	EUR	EUR
- undiluted and diluted, for the profit/loss attributable to the holders of ordinary shares in the company		0,88	0,59	0,16	0,32

**C-QUADRAT Investment AG**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the period January 1, 2018 to June 30, 2018

		1-6 2018	1-6 2017	2.Q 2018	2.Q 2017
		Unaudited			
Notes		<u>TEUR</u>	<u>TEUR</u>	<u>TEUR</u>	<u>TEUR</u>
	<b>Net Profit</b>	4.735	3.224	1.310	1.584
	<b>Other comprehensive income</b>				
	<b>Total income and expenses recognised directly in equity:</b>				
	Net-profit from financial assets held for sale	IV.6 -92	62	-105	61
	Currency-conversion	IV.6 124	-171	70	-177
	<b>Taxes on income</b>	IV.6 <u>18</u>	<u>-15</u>	<u>20</u>	<u>-15</u>
		<b>49</b>	<b>-124</b>	<b>-16</b>	<b>-130</b>
	<b>Total income and expenses not recycled in future profit and loss:</b>				
	Revaluation of performance-oriented obligation	IV.6 3	0	0	0
	Tax	IV.6 <u>-1</u>	<u>0</u>	<u>0</u>	<u>0</u>
		<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Other comprehensive income</b>	<b>51</b>	<b>-124</b>	<b>-16</b>	<b>-130</b>
	thereof shareholder's equity	40	-136	-44	-141
	thereof minority interest	12	11	30	11
	<b>Total comprehensive income</b>	<b><u>4.786</u></b>	<b><u>3.100</u></b>	<b><u>1.295</u></b>	<b><u>1.454</u></b>
	thereof shareholder's equity	3.882	2.451	644	1.273
	thereof minority interest	905	649	652	181

**C-QUADRAT Investment AG**  
**CONSOLIDATED BALANCE SHEET**  
as of June 30, 2018

	Notes	30.06.2018	31.12.2017
		Unaudited	
		TEUR	TEUR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible Assets	V.1, V.2	10.312	10.943
Property, plant and equipment	V.1	1.660	1.838
Shares in associates	V.3	6.738	10.528
Financial investments	V.4	6.805	9.280
Deferred tax asset	IV.10	158	172
<b>Total non-current assets</b>		<b>25.674</b>	<b>32.762</b>
<b>Current assets</b>			
Receivables from customers	V.4	5.685	21.590
Financial investments	V.4	132	565
Other assets	V.4	4.921	3.153
Cash and cash equivalents	V.4	26.864	17.527
<b>Total current assets</b>		<b>37.601</b>	<b>42.834</b>
<b>Total assets</b>		<b>63.276</b>	<b>75.596</b>
<b>EQUITY and LIABILITIES</b>			
Issued capital	V.5	4.363	4.363
Add paid-in capital		18.326	18.326
Retained earnings		21.646	26.536
Other reserves	V.5	-251	-290
<b>Equity attributable to shareholders of the parents</b>		<b>44.084</b>	<b>48.935</b>
Minority interests		812	1.133
<b>Total equity</b>		<b>44.896</b>	<b>50.068</b>
<b>Non-current liabilities</b>			
Long-term financial liabilities	V.4	3.125	3.750
Non-current provisions		12	11
Deferred tax liabilities		1.439	1.620
<b>Total non-current liabilities</b>		<b>4.576</b>	<b>5.381</b>
<b>Current liabilities</b>			
Short-term financial liabilities	V.4	1.250	1.250
Payables to customers	V.4	4.375	10.902
Other current liabilities	V.4	4.118	4.538
Other provisions	V.4	1.540	1.382
Income tax payable	V.4	2.520	2.075
<b>Total current liabilities</b>		<b>13.804</b>	<b>20.147</b>
<b>Total liabilities</b>		<b>18.380</b>	<b>25.527</b>
<b>Total equity and liabilities</b>		<b>63.276</b>	<b>75.596</b>

**C-QUADRAT Investment AG**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

as of June 30, 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>Notes V.5</b>	<b>Notes V.5</b>		<b>Notes V.5</b>				
	<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	-6.545	0	-6.545	-713	-7.258	
Total comprehensive income	0	0	2.587	-136	2.451	648	3.100	
<b>30.06.2017</b>	<b>4.363</b>	<b>18.326</b>	<b>13.817</b>	<b>-104</b>	<b>36.402</b>	<b>637</b>	<b>37.039</b>	
<b>01.01.2018</b>	<b>4.363</b>	<b>18.326</b>	<b>26.535</b>	<b>-290</b>	<b>48.935</b>	<b>1.133</b>	<b>50.068</b>	
Dividends	0	0	-8.726	0	-8.726	-1.226	-9.952	
Total comprehensive income	0	0	3.836	39	3.875	905	4.780	
<b>30.06.2018</b>	<b>4.363</b>	<b>18.326</b>	<b>21.645</b>	<b>-251</b>	<b>44.084</b>	<b>812</b>	<b>44.896</b>	

**C-QUADRAT Investment AG**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**for the period January 1, 2018 to June 30, 2018**

	Notes	1-6 2018	1-6 2017
		Unaudited	
		TEUR	TEUR
Net Profit		<b>4.735</b>	<b>3.224</b>
Taxes	IV.3	992	653
Affecting net income from financial revenues		-789	-420
Affecting net income from financial expenses		762	507
Income from associates	IV.2	-1.813	-1.349
Depreciation of intangible assets, property, plant and equipment	V.1	913	928
Increase/decrease in long term provisions		1	163
Income/loss from the disposal of fixed assets	V.1	0	-10
Income/loss from the disposal of financial assets	V.4	330	0
Increase/decrease in receivables and other assets		14.136	-892
Increase/decrease in other provisions		158	-165
Increase/decrease in trade payables	V.1	-6.946	1.490
Income tax paid	V.4	-754	-704
<b>Cash flow from operating activities</b>	VI	<b>11.726</b>	<b>3.425</b>
Purchase of property, plant and equipment and intangible assets	V.1	-158	-121
Payments made for financial assets	V.4.	-107	-521
Payments made for issue of loans to shareholders	V.4	0	-5.174
Proceeds from sale of assets	V.1	0	10
Proceeds from sale of financial assets	V.4	97	29
Sale of subsidiary less sold means of payment	III.1.	2.558	0
Interest received		22	56
Dividends received from associated companies	V.3	5.603	2.925
<b>Cash flow from investing activities</b>	VI	<b>8.015</b>	<b>-2.545</b>
Dividends paid	V.8	-9.952	-7.258
Interest paid		-33	-26
Proceeds from borrowings	V.4	0	5.018
Payment of finance lease liabilities	V.4	-625	0
<b>Cash flow from financing activities</b>	VI	<b>-10.610</b>	<b>-2.266</b>
<b>Currency conversion effects</b>		206	97
<b>Net increase in cash and cash equivalents</b>	VI	<b>9.336</b>	<b>-1.288</b>
Cash and cash equivalents at beginning of period		17.527	18.409
<b>Cash and cash equivalents at end of period</b>	V.4	<b>26.863</b>	<b>17.121</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 June 30, 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 June 30, 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 June 30, 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 August 20, 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 June 30, 2018.



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

These condensed consolidated interim financial statements as of June 30, 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 this amendment 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 Q3 of 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. The 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			
	6/30/2018	12/31/2017	6/30/2017	12/31/2016
CHF	<b>0.864</b>	0.855	<b>0.915</b>	0.931
USD	<b>0.855</b>	0.834	<b>0.876</b>	0.949
GBP	<b>1.129</b>	1.127	<b>1.137</b>	1.168
KYD	<b>1.030</b>	1.003	<b>1.117</b>	1.452
AMD	<b>0.002</b>	0.002	<b>0.002</b>	0.002

in EUR	6M 2018	Average rate	
		2017	6M 2017
CHF	<b>0.855</b>	0.893	<b>0.933</b>
USD	<b>0.820</b>	0.906	<b>0.939</b>
GBP	<b>1.137</b>	1.143	<b>1.161</b>
KYD	<b>1.006</b>	1.074	<b>1.099</b>
AMD	<b>0.002</b>	0.002	<b>0.002</b>

### III. SCOPE OF CONSOLIDATION

In addition to C-QUADRAT Investment AG, the interim financial statements of the C-QUADRAT Group as of June 30, 2018 include a total of twelve 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

In the 2018 interim period, the Group sold its wholly owned subsidiary C-QUADRAT US Real Estate LLC, Wilmington, US, with a carrying amount of EUR 679 thousand, for an amount of EUR 323 thousand on June 6, 2018. This entity was removed from the consolidated group on June 30, 2018.

The consideration received has the following makeup:

	€ '000
Consideration received in the form of cash and cash equivalents	2,592
Consideration not yet received in the form of cash and cash equivalents	5,696
Offsetting against discounted short-term loans and clearing account	-7,965
<b>Total consideration</b>	<b>323</b>

The following assets and liabilities were handed over in connection with the sale:

	€ '000
<b>Non-current assets</b>	
Non-current receivables	7,405
<b>Current assets</b>	
Other assets	1,205
Cash and cash equivalents	34
<b>Current liabilities</b>	
Short-term liabilities	-7,965
<b>Net assets sold</b>	<b>679</b>

The disposal gain resulting from the disposal of subsidiaries has the following makeup:

	€ '000
Consideration	323
Net assets relinquished	- 679
Disposal loss	- 356

The disposal gain is included in the financial result.

The net cash inflow resulting from the disposal of subsidiaries is as follows:

	€ '000
Selling price discharged by means of cash and cash equivalents	8,288
Less cash and cash equivalents disposed of through the sale	-34
Total net cash inflow resulting from the disposal	<b>8,254</b>

## **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:

	Q2 2018 € '000	6M 2018 € '000	Q2 2017 € '000	6M 2017 € '000
Management fees	11,801	24,011	12,008	22,646
Performance fees	11	2,753	229	714
Other fees	944	1,957	972	1,943
<b>Total</b>	<b>12,756</b>	<b>28,721</b>	13,210	25,304

In the 2018 interim period, the C-QUADRAT Group's assets under management (AUM) decreased by 9.5% to EUR 9.2 billion (AUM December 31, 2017: EUR 10.2 billion). Management fees amounted to EUR 24,011 thousand (2017 interim period: EUR 22,646 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 2,753 thousand (2017 interim period: EUR 714 thousand).

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

	Q2 2018 € '000	6M 2018 € '000	Q2 2017 € '000	6M 2017 € '000
Management fees	5,322	10,828	5,340	10,474
Performance fees	4	1,303	7	13
Other fees	663	1,295	785	1,473
<b>Total</b>	<b>5,989</b>	<b>13,426</b>	<b>6,133</b>	<b>11,960</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:

	Q2 2018 € '000	6M 2018 € '000	Q2 2017 € '000	6M 2017 € '000
Actual expense for taxes on income	409	1,122	355	746
Deferred taxes on income	-58	-130	-28	-93
<b>Tax expenditure</b>	<b>351</b>	<b>992</b>	<b>327</b>	<b>653</b>

## 4. Earnings per share

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

	Jan. 1 – Jun. 30, 2018	Jan. 1 – Jun. 30, 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
-------------------------

- 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 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			
Fee and commission income	25	24,547	7,445	-3,296	28,721
<i>From external customers</i>	25	23,143	5,553		28,721
<i>Intersegment income</i>		1,403	1,892	-3,296	
Pre-tax segment earnings	945	5,501	399	-1,116	5,728

### 2017 interim period

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000	Austria	Other countries		
		€ '000			
Fee and commission income	29	20,485	5,825	-1,035	25,304
<i>From external customers</i>	29	19,450	5,825		25,304
<i>Intersegment income</i>		1,035		-1,035	0
Pre-tax segment earnings	-83	3,693	268		3,878

## 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 June 30, 2018

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000	Austria	Other countries		
		€ '000			
Segment assets	39,373	29,486	24,314	-29,897	63,276
Segment liabilities	7,603	9,832	5,529	-4,584	18,380

## As of December 31, 2017

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000	Austria	Other countries € '000	€ '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. – Jun. 2018 € '000	Jan. - Jun. 2017 € '000
<b>Reserve for available-for-sale financial assets</b>		
<i>Profits (losses) resulting in the current period</i>	-92	62
<b>Contribution to other comprehensive income resulting from measurement of available-for-sale financial assets (before taxes)</b>	-92	62
<b>Reserve for differences resulting from currency translation</b>	123	-171
<b>Reserve for remeasurement of defined-benefit obligation</b>	3	0
	<b>Jan. - Jun. 2018 € '000</b>	<b>Jan. - Jun. 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>	18	-15
<b>Tax effect for other comprehensive income resulting from measurement of available-for-sale financial assets</b>	18	-15
<b>Tax effect on other comprehensive income resulting from remeasurement of defined-benefit obligation</b>	-1	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 158 thousand (2017 interim period: EUR 121 thousand), mainly comprising operating and office equipment.

In the period from January 1 to June 30, 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 June 30, 2018 goodwill was allocated to these units as follows:

	6/30/2018	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 June 30, 2018 the following unit accounts for the customer base:

	June 30, 2018	12/31/2017
	€ '000	€ '000
C-Quadrat UK Group	5,756	6,395
<b>Total</b>	<b>5,756</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 June 30, 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:

	6/30/2018	12/31/2017
	€ '000	€ '000
ARTS Asset Management GmbH (45%)	6,682	10,472
Ampega C-QUADRAT Fondsmarketing GmbH i.L. (50%)	56	56
<b>Total</b>	<b>6,738</b>	<b>10,528</b>

### 4. Financial assets and financial liabilities

#### Financial assets

Financial assets	6/31/2018	12/31/2017
	€ '000	€ '000
<b>Non-current financial assets</b>		
Financial assets measured at fair value and recognized directly in equity (FVTOCI)	509	1,664
Financial assets measured at fair value in income (FVTPL)	1,701	0
Loans and receivables	4,595	7,616
<b>Total non-current financial assets</b>	<b>6,805</b>	<b>9,280</b>
<b>Current financial assets</b>		
Financial assets measured at fair value in income (FVTPL)	132	565
Loans and receivables	10,606	24,741
<b>Total current financial assets</b>	<b>10,738</b>	<b>25,306</b>
<b>Total financial assets</b>	<b>17,543</b>	<b>34,586</b>

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

FVTOCI assets comprise listed bonds in the amount of EUR 509 thousand (December 31, 2017: EUR 508 thousand), investment fund units in the amount of EUR 0 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 0 thousand (December 31, 2017: EUR 91 thousand). The Group sold its 9.004% interest in the share capital in QC Partners GmbH, with a carrying amount of EUR 70 thousand, for an amount of EUR 97 thousand on May 23, 2018.

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 June 30, 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 391 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 0 thousand (December 31, 2017: EUR 7,224 thousand), in accordance with their fair values.

As of June 30, 2018, loans and receivables also include a purchase price receivable in connection with the sale of C-QUADRAT US Real Estate LLC, Wilmington, US, in the amount of EUR 5,732 thousand (December 31, 2017: EUR 0 thousand), of which EUR 4,202 thousand (December 31, 2017: EUR 0 thousand) is noncurrent and EUR 1,530 (December 31, 2017: EUR 0 thousand) is current.

Current loans and receivables are measured at amortized cost and include receivables from customers in the amount of EUR 5,685 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 4,921 thousand (December 31, 2017: EUR 3,153 thousand). This includes the current purchase price receivable in connection with the sale of C-QUADRAT US Real Estate LLC, Wilmington, US, in the amount of EUR 1,530 thousand (December 31, 2017: EUR 0 thousand). As input factors, the carrying amounts serve as a realistic estimate of the fair value.

### Financial assets measured at fair value in income (FVTPL)

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 26,864 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	6/30/2018	12/31/2017
	€ '000	€ '000
<b>Non-current liabilities at amortized cost:</b>		
Liabilities to banks	3,125	3,750
<b>Current liabilities at amortized cost:</b>		
Liabilities to banks	1,250	1,250
Liabilities to customers	4,375	10,902
Other liabilities and provisions	5,658	5,920
<b>Total current liabilities at amortized cost</b>	<b>11,284</b>	<b>18,072</b>
<b>Total financial liabilities at amortized cost</b>	<b>14,409</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 3,125 thousand (December 31, 2017: EUR 3,750 thousand) and current liabilities to banks in the amount of EUR 1,250 thousand (December 31, 2017: EUR 1,250 thousand). This has been due quarterly since 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:

	6/30/2018	12/31/2017
	€ '000	€ '000
Up to one year	1,250	1,250
Longer than one year and up to five years	3,125	3,750
<b>Total</b>	<b>4,375</b>	<b>5,000</b>

For the Group's current liabilities to customers in the amount of EUR 4,375 thousand (December 31, 2017: EUR 10,902 thousand) and other current liabilities in the amount of EUR 5,658 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	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
	€ '000	€ '000	€ '000	€ '000
Financial assets measured at fair value and recognized directly in equity (FVTOCI)	509	1,664	509	1,664
Loans and receivables (non-current)	4,595	7,615	4,595	7,615
Financial assets measured at fair value in income (FVTPL)	1,833	565	1,833	565

Financial liabilities	Carrying amount		Fair value	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
	€ '000	€ '000	€ '000	€ '000
Liabilities to banks	4,375	5,000	4,375	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 June 30, 2018 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.

Financial assets	6/30/2018				12/31/2017			
	Total € '000	Level 1 € '000	Level 2 € '000	Level 3 € '000	Total € '000	Level 1 € '000	Level 2 € '000	Level 3 € '000
Financial assets measured at fair value and recognized directly in equity (FVTOCI)	509	509	0	00	1,664	508	1,065	91
Loans and receivables (non-current)	4,595	0	393	4,202	7,616	0	391	7,224
Financial assets measured at fair value in income (FVTPL)	1,833	0	1,833	0	565	0	565	0

Financial liabilities	6/30/2018				12/31/2017			
	Total € '000	Level 1 € '000	Level 2 € '000	Level 3 € '000	Total € '000	Level 1 € '000	Level 2 € '000	Level 3 € '000
Liabilities to banks	4,375	0	4,375	0	5,000	0	5,000	0

During the reporting period from January 1 to June 30, 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 4,375 thousand (December 31, 2017: EUR 5,000 thousand). Since the bank loan which originally amounted to 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	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Pre-tax earnings	-28	30	9	11	16	13	78	20

During the period under review, C-QUADRAT generated 20% of its revenues in foreign currencies, of which in GBP (6%), USD (10%), 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 June 30, 2018, as well as securities which may be liquidated at any time the Group has cash and cash equivalents in the amount of EUR 26,864 thousand (December 31, 2017: EUR 17,527 thousand), which is equivalent to approx. 42.5% 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.

	6/30/2018	12/31/2017
	€ '000	€ '000
Share capital	4,363	4,363
Reserves	16,016	15,983
Group profits	3,843	15,306
Profit carryforward less dividend	19,862	13,282
Non-controlling interests	812	1,133
Equity according to IFRS	44,896	50,068
Liabilities	18,380	25,527
Total equity and liabilities	63,276	75,596
Equity ratio according to IFRS	71.0%	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 the 2018 interim period in the amount of EUR 61 thousand (2017 interim period: EUR 63 thousand). As of June 30, 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 the 2018 interim period, expenses with a volume of EUR 135 thousand (2017 interim period: EUR 16 thousand) have arisen in relation to Realissimo GmbH, a related party of Mr. Thomas Riess, due to consulting services. As of June 30, 2018, the resulting liability amounts to EUR 15 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 60 thousand (2017 interim period: EUR 30 thousand) were paid to Esprit De L'ilot. As of June 30, 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, to June 28, 2018  
Klemens Hallmann, to June 30, 2018

## **Associates and joint ventures**

Revenues amounting to EUR 283 thousand were generated from associates and joint ventures in the 2018 interim period (2017 interim period: EUR 610 thousand). These revenues relate mainly to fee and commission income, passed-on expenses and performance fees. Expenses in the amount of EUR 6,002 thousand (2017 interim period: EUR 4,814 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 40 thousand (December 31, 2017: EUR 874 thousand) and payables to associates and joint ventures to EUR 867 thousand (December 31, 2017: EUR 7,502 thousand).

## **8. Distributed dividends**

The dividend resolved and distributed in the 2018 interim period for the financial year 2017 was approved on May 4, 2018 and amounts to EUR 2.00 per share (2017: EUR 1.50 per share).

## **9. Contingent liabilities**

There were no contingent liabilities as of June 30, 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.

#### Participations:

The C-QUADRAT Group acquired a 51% stake in Advenis Investment Managers (“Advenis”) on July 27, 2018, after the French Autorité des Marchés Financiers (AMF) approved this acquisition on May 22, 2018. Advenis is an independent French asset manager which is headquartered in Paris and focuses on equity and fixed income funds, multi asset class funds and funds of funds. As of June 30, 2018, the conditions precedent had not yet been fulfilled due to minor changes to the purchase agreement.

#### Simplification of the Group’s structure:

The Management Board of C-QUADRAT Investment AG intends to spin off the business activities of C-QUADRAT Wealth Management GmbH to ARTS Asset Management GmbH, in which the company holds a 45% interest. In return, instead of additional shares the company will be granted participation rights. The remaining assets of C-QUADRAT Wealth Management GmbH are to be merged with C-QUADRAT Asset Management GmbH, in which the company holds a 74.9% interest.

In the medium term, above all these measures are intended to deliver cost synergies in the areas of management and administration in particular, due to the elimination of a Group company and the regulatory license which will no longer be required.

The planned restructuring has already been approved by the Supervisory Board of C-QUADRAT Investment AG as well as the Austrian Financial Market Authority.

C-QUADRAT is currently implementing the approved restructuring measures and expects this process to be completed by October 2018.

#### Shareholder structure, squeeze-out:

In addition to its previous ad hoc notices, on April 5, 2018 C-QUADRAT announced that it had been notified by HNA/Cubic that the Austrian Financial Market Authority (“FMA”) has now provided notice that it does not have any reservations regarding the change in the ownership structure indicated in the ad hoc notice of May 3, 2017 and thus concerning the majority takeover of C-QUADRAT by HNA/Cubic.

Upon completion of the transaction which has now been approved by all of the competent supervisory authorities, HNA holds an interest of approx. 74.8% in Cubic, while Cubic for its part has an interest in excess of 98% in C-QUADRAT.

In reference to its ad hoc notice of May 5, 2017, on May 9, 2018 C-QUADRAT Investment AG announced that Cubic (London) Limited had resolved a squeeze-out of all of the remaining minority shareholders (free float in the amount of 1.53%) of C-QUADRAT Investment AG (“C-QUADRAT”), in order to achieve a 100% interest in C-QUADRAT.

On July 16, 2018, C-QUADRAT Investment AG announced that, within the scope of the shareholder squeeze-out process which has now been initiated, together with the Management Board of C-QUADRAT Cubic (London) Limited (“Cubic”) as the main shareholder will offer an appropriate cash settlement of €60 per share for the minority shareholders who are to be squeezed out. Their total interest in the company amounts to 1.53%.

C-QUADRAT’s extraordinary General Meeting at which the transfer of the minority shareholders’ shares to the main shareholder was resolved has been held on August 17, 2018.

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 2,925 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 the shareholders in the amount of EUR -8,726 thousand (2017 interim period: EUR -6,545 thousand), dividends paid to non-controlling shareholders in the amount of EUR -1,226 thousand (2017 interim period: EUR -713 thousand) and payments made due to the repayment of financial liabilities in the amount of EUR -625 thousand (2017 interim period: EUR 0 thousand).

## VII. OTHER DISCLOSURES

### Volume of managed funds

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

	<b>6/30/2018</b> EUR million	12/31/2017 EUR million
ARTS Asset Management GmbH	<b>2,542</b>	2,604
C-QUADRAT Asset Management GmbH	<b>2,384</b>	2,399
CUK Group	<b>3,413</b>	4,572
QC Partners GmbH	<b>879</b>	613
Total volume	<b>9,218</b>	10,187

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

	<b>1. 6M</b> <b>2018</b> Total	<b>1. 6M</b> <b>2017</b> Total
Group	<b>87</b>	83
Companies not fully included in the scope of consolidation	<b>16</b>	15

The above employee figures exclusively comprise salaried employees.

Vienna, August 20, 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

# **GROUP MANAGEMENT REPORT C-QUADRAT INVESTMENT AG ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2018**

## **REVIEW OF THE ECONOMIC SITUATION AND CAPITAL MARKETS FOR THE 6M 2018**

Market trends were satisfactory in the first half of the current financial year. The capital markets were generally stable but failed to demonstrate any clear prolonged upward or downward trends. The ECB has announced that it will end its bond purchasing program at the end of 2018. It left its key interest rate at its historically low level. The forecasts for the Eurozone's economic growth in the near future are positive. However, the capital markets may repeatedly experience corrections due to a large number of unresolved challenges, such as the United Kingdom's withdrawal from the EU ("Brexit").

## **BUSINESS DEVELOPMENT AND SITUATION OF THE COMPANY**

The financial year 2018 to date has delivered a sound and positive result which represents an improvement on the previous year. The Group's net profit for the period in 2018 amounts to EUR 4,736 thousand (previous year: EUR 3,224 thousand). The volume of assets entrusted to the C-QUADRAT Group had decreased to EUR 9.2 billion as of June 30, 2018 (December 31, 2017: EUR 10.2 billion).

There was one change to the scope of consolidation in the 2018 interim period. The Group sold its wholly owned subsidiary C-QUADRAT US Real Estate LLC, Wilmington, US, with a carrying amount of EUR 679 thousand, for EUR 323 thousand on June 6, 2018. This entity was removed from the consolidated group on June 30, 2018.

The C-QUADRAT share is listed both on the Frankfurt Stock Exchange (Prime Standard) and on the Vienna Stock Exchange (Standard Market Auction). The company's share capital is divided up into 4,363,200 no-par-value shares.

The company's main shareholder as of the balance-sheet date is Cubic (London) Limited (98.47%).

## **ASSET MANAGEMENT**

2018 was also a successful financial year for the investment funds managed by the company and for these funds' managers.

At the 2018 Lipper Fund Awards, the independent companies of the C-Quadrat Investment Group once again picked up prizes in their peer groups for Europe and Germany. C-QUADRAT ARTS Total Return Bond – which is managed by ARTS Asset Management GmbH – was recognized as the best fund in its peer group in the ten-year category at the Lipper Fund Awards Europe as well as the Lipper Fund Awards Germany.

At the €uro Fund Awards 2018, the funds managed by ARTS likewise once again garnered a large number of awards. In various categories, they were awarded a total of one first place and three second places.

On June 30, 2018, the total assets under management of the C-QUADRAT Group amount to EUR 9,218 million, a decrease of EUR 970 million or 9.5% by comparison with their volume as of December 31, 2017 (December 31, 2017: EUR 10,187 million). This decline is largely attributable to the scaling back of a large institutional mandate.

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

The C-QUADRAT Group has the following volume of assets under management, with a breakdown by asset manager:

	<b>6/30/2018</b>	12/31/2017
	<b>EUR MILLION</b>	EUR MILLION
ARTS Asset Management GmbH	<b>2,542</b>	2,604
C-QUADRAT Asset Management GmbH	<b>2,384</b>	2,399
CUK Group	<b>3,413</b>	4,572
QC Partners GmbH	<b>879</b>	613
<b>Total volume</b>	<b>9,218</b>	10,187

On the sales side, the company further strengthened its market position outside of Austria by continuing to develop its partnerships with well-known sales partners in Germany and the CEE countries as well as savings banks, particularly in Germany. In these markets, besides marketing firms insurance companies, savings banks and asset managers have also been approached. The company also increased its sales activities in the institutional segment in the past year.

## **INCOME STATEMENT**

In the first six months of 2018, fee and commission income increased by EUR 3,417 thousand or 14%, from EUR 25,304 thousand to EUR 28,721 thousand. Fee and commission expenses increased by EUR 1,466 thousand or 12%, from EUR 11,960 thousand to EUR 13,426 thousand.

Aside from fee and commission income, other operating income of EUR 519 thousand (first six months of 2017: EUR 231 thousand) contributed to total revenues.

Personnel expenses in the first six months of 2018 amounted to EUR 6,314 thousand (first six months of 2017: EUR 6,406 thousand), other administrative expenses to EUR 4,281 thousand (first six months of 2017: EUR 3,307 thousand) and other operating expenses to EUR 419 thousand (first six months of 2017: EUR 319 thousand).

The above changes in the first six months of 2018 led to an operating profit before depreciation and amortization of EUR 4,801 thousand (first six months of 2017: EUR 3,543 thousand). After depreciation and amortization of EUR 913 thousand (first six months of 2017: EUR 928 thousand), an operating profit of EUR 3,888 thousand (first six months of 2017: EUR 2,615 thousand) was realized.

Net income from associates in the amount of EUR 1,813 thousand is EUR 464 thousand or 34% higher than in the same period in the previous year (EUR 1,349 thousand). The financial result amounts to EUR 27 thousand (first six months of 2017: EUR -86 thousand).

A group taxation arrangement between C-QUADRAT Investment AG, C-QUADRAT Wealth Management AG and C-QUADRAT Asset Management GmbH led to a tax burden for the C-QUADRAT Group of EUR 992 thousand (first six months of 2017: EUR 653 thousand). This

means a net profit for the period of EUR 4,736 thousand (first six months of 2017: EUR 3,224 thousand).

## **BALANCE SHEET**

The balance sheet total as of June 30, 2018 amounted to EUR 63,276 thousand and has declined by EUR 12,320 thousand or 16% in relation to the balance sheet total as of December 31, 2017 (EUR 75,596 thousand). Receivables from customers have decreased by EUR 15,905 thousand or 74%. At EUR 6,738 thousand, shares in associates are EUR 3,789 thousand or 36% higher than as of December 31, 2017 (EUR 10,528 thousand). At EUR 26,864 thousand, the cash and cash equivalents item is EUR 9,337 thousand or 53% higher than at the start of the year. In the first six months of 2018, the C-QUADRAT Group thus improved its liquidity, since its cash and cash equivalents comprise approx. 42% of the balance sheet total (December 31, 2017: approx. 23%). As of June 30, 2018, liabilities to banks total EUR 4,375 thousand (December 31, 2017: EUR 5,000 thousand). On June 30, 2018, liabilities to customers amount to EUR 4,375 thousand and are thus EUR 6,527 thousand or 60% lower than as of December 31, 2017.

## **KEY PERFORMANCE FIGURES**

Cash flow from operating activities rose year-on-year from EUR 3,425 thousand to EUR 11,726 thousand. The changes to receivables and other assets and changes to liabilities not attributable to investing and financing activities account for the largest increases. Cash flow from investment activities was EUR 8,049 thousand, compared to EUR -2,545 thousand in the same period in the previous year. Due to the dividends paid, cash flow from financing activities amounts to EUR -10,610 thousand, compared to cash flow in the previous year – when a EUR 5,000 thousand loan was taken up – in the amount of EUR -2,266 thousand. The overall cash flow for the Group amounts to EUR -9,336 thousand in the first half of the financial year 2018, due to the activities outlined above, while the cash flow in the same period in the previous year totaled EUR -1,288 thousand.

The cost-to-income ratio (total costs/total revenues before taxes) amounts to 81.6%, while the figure for the previous year was 85.8%.

The EBITDA margin (operating profit before depreciation and amortization/total revenues) amounts to 16.4%, while the figure for the previous year was 13.9%.

On average, in the first half of the financial year 2018 the C-QUADRAT Group had 87 employees on its payroll (first half of the financial year 2017: 83 employees) (FTE – full time equivalent).

A total of two compliance training sessions were held for the company's employees in the first half of the financial year 2018. This training focused on organizational and administrative measures associated with insider information, employee transactions and an update on the prevention of money laundering (Austrian Financial Market Money Laundering Act, Finanzmarkt-Geldwäschegesetz, FM-GwG).

No disclosures are made regarding non-financial performance indicators, such as environmental performance, because these do not apply to C-QUADRAT Investment AG. The company does not pursue any research and development activities.

## **RISKS**

The financial services industry is associated with inherent risks. Any downward price correction on the world's stock exchanges involves a deterioration in the earnings performance of the company and its subsidiaries.

This risk is actively minimized by apportioning the portfolio to a variety of asset classes with little correlation between individual classes (shares, bonds, real estate shares, commodities, etc.) and by means of a variety of management styles (total return approach, benchmark approach etc.). On the sales side, risks are spread with a continued focus on sales markets in Germany and Eastern Europe (especially the Czech Republic, Slovakia and Poland) as well as Austria, and on further concentration on institutional sales.

The C-QUADRAT Group seeks to minimize risk for the company through continuous optimization of business procedures and by reducing the level of complexity. This organizational and functional change for the company will also have a positive effect in relation to the ever more stringent regulatory requirements which the company must continuously consider, both for itself directly and also indirectly for its customers. Nonetheless, with the implementation of MiFID II the next challenge is just around the corner. The company has already implemented a gap analysis with an external consultant, so as to be able to execute successful implementation measures in a targeted fashion. The company also pursued a close dialogue with its partners, such as the management companies which administer C-QUADRAT funds, so as to ensure an optimal discussion of relevant topics. The company will also step up its initial and advanced training measures for employees in this respect.

For further details on risk management, reference is made to Item V.8. in the notes to the consolidated financial statements.

## **INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM**

The basis for the Internal Accounting Control System for C-QUADRAT Investment AG consists of the organization manuals produced for all companies in the C-QUADRAT Group. In each main area of activity, a framework is defined that must be implemented and complied with by all entities in the C-QUADRAT Group. The Management Boards and the internal auditing department are jointly responsible for regularly monitoring each key entity for compliance with the specified guidelines and work instructions. The finance and accounting department supports the companies in the C-QUADRAT Group in matters relating to bookkeeping, payroll accounting, accounting and consolidation (with support from an external accountancy firm), controlling, treasury, payment transactions, liquidity planning and reporting. Bookkeeping for the company's subsidiaries is handled locally. Key accounting policies are defined in a group manual.

The company supports the companies of the C-QUADRAT Group in all reporting, controlling and accounting matters. The Management Boards of the Group companies are informed daily (in the form of an Excel report) regarding the level of cash and cash equivalents and the individual companies' investments. A system of monthly management reporting is also in place throughout the Group and mainly comprises the reported results of all of the Group companies (including IFRS management consolidation, budgets, budget comparisons, forecasts and forecast comparison), a report on the revenue-generating volume (assets under management) and sales statistics. This monthly reporting is supplemented by regular liquidity planning. The controlling and accounting departments closely cooperate with one another in conducting ongoing comparisons of target and actual figures, as well as analyses of budgets and actual figures; they also perform reciprocal checks and controls. Internal reporting also includes monthly discussions of financial performance and deviance analyses between the controlling department and the respective Management Boards.

In addition to the published standalone financial statements of the individual companies of the C-QUADRAT Group, external reporting also includes the preparation of consolidated quarterly financial statements and half-yearly financial statements. The Supervisory Board and the Audit Committee meet at least once each quarter and are informed at these meetings (in the form of standardized reports) inter alia about current business developments (including budget comparisons, forecasts and deviation analyses).

The appropriateness of the internal accounting control system has been confirmed by the Audit Committee. The Internal Accounting Control System is monitored by means of regular reporting to the Audit Committee and the Supervisory Board and by audits conducted by the internal auditing department, which works closely with the respective Management Board members and reports on a quarterly basis to the Management Board and at least once a year to the Supervisory Board.

## **APPLICABLE FINANCIAL INSTRUMENTS**

The main financial instruments used by the C-QUADRAT Group are financial investments in ordinary and preference shares, shares in investment funds, equity instruments, cash and cash equivalents and finance leases. The main purpose of these financial instruments is to finance the business activities of the company. The Group does not use any derivative financial instruments such as forward exchange transactions which might be used to hedge interest and foreign exchange risks.

The principal risks to which the C-QUADRAT Group is exposed as a result of holding these 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.

## **OUTLOOK FOR THE COMPANY**

As always, the company's revenue trend depends on events on the international financial markets. The C-QUADRAT Group is well prepared for 2018 and for subsequent years. It has a portfolio of exciting products and product ideas, enjoys a solid financial footing and can thus justifiably expect a continuing positive performance.

The Group plans to further expand its activities, in particular in the field of product development and marketing, in order to react to the constantly changing needs of investors and to address these needs. This includes the development of new product categories and asset classes. At the same time, sales activities will be further developed in the company's core markets of Germany and Austria, while opening up new regional markets such as Switzerland, Poland and Italy in order to safeguard the company's existing market position and to extend this where possible. The Institutional Sales division will also be further expanded, thus enabling the increase in assets under management planned for 2018.

Nonetheless, with the United Kingdom's decision to withdraw from the EU ("BREXIT"), for instance, the C-QUADRAT Group faces new challenges which it must master in good time and on a long-term basis.

In overall terms, the C-QUADRAT Group envisages a continuing positive performance in 2018.



## 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.

### Participations:

The C-QUADRAT Group acquired a 51% stake in Advenis Investment Managers (“Advenis”) on July 27, 2018, after the French Autorité des Marchés Financiers (AMF) approved this acquisition on May 22, 2018. Advenis is an independent French asset manager which is headquartered in Paris and focuses on equity and fixed income funds, multi asset class funds and funds of funds. As of June 30, 2018, the conditions precedent had not yet been fulfilled due to minor changes to the purchase agreement.

### Simplification of the Group’s structure:

The Management Board of C-QUADRAT Investment AG intends to spin off the business activities of C-QUADRAT Wealth Management GmbH to ARTS Asset Management GmbH, in which the company holds a 45% interest. In return, instead of additional shares the company will be granted participation rights. The remaining assets of C-QUADRAT Wealth Management GmbH are to be merged with C-QUADRAT Asset Management GmbH, in which the company holds a 74.9% interest.

In the medium term, above all these measures are intended to deliver cost synergies in the areas of management and administration in particular, due to the elimination of a Group company and the regulatory license which will no longer be required.

The planned restructuring has already been approved by the Supervisory Board of C-QUADRAT Investment AG as well as the Austrian Financial Market Authority.

C-QUADRAT is currently implementing the approved restructuring measures and expects this process to be completed by October 2018.

### Shareholder structure, squeeze-out:

In addition to its previous ad hoc notices, on April 5, 2018 C-QUADRAT announced that it had been notified by HNA/Cubic that the Austrian Financial Market Authority (“FMA”) has now provided notice that it does not have any reservations regarding the change in the ownership structure indicated in the ad hoc notice of May 3, 2017 and thus concerning the majority takeover of C-QUADRAT by HNA/Cubic.

Upon completion of the transaction which has now been approved by all of the competent supervisory authorities, HNA holds an interest of approx. 74.8% in Cubic, while Cubic for its part has an interest in excess of 98% in C-QUADRAT.

In reference to its ad hoc notice of May 5, 2017, on May 9, 2018 C-QUADRAT Investment AG announced that Cubic (London) Limited had resolved a squeeze-out of all of the remaining minority shareholders (free float in the amount of 1.53%) of C-QUADRAT Investment AG (“C-QUADRAT”), in order to achieve a 100% interest in C-QUADRAT.

On July 16, 2018, C-QUADRAT Investment AG announced that, within the scope of the shareholder squeeze-out process which has now been initiated, together with the Management Board of C-QUADRAT Cubic (London) Limited (“Cubic”) as the main shareholder will offer an appropriate cash settlement of €60 per share for the minority shareholders who are to be squeezed out. Their total interest in the company amounts to 1.53%.

C-QUADRAT’s extraordinary General Meeting at which the transfer of the minority shareholders’ shares to the main shareholder was resolved has been held on August 17, 2018.

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

Vienna, August 20, 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

### **3. Statement by all statutory representatives pursuant to Section 87 (1) No. 3 of the Stock Market Act (BörseG)**

We confirm to the best of our knowledge that the condensed interim consolidated financial statements as of June 30, 2018 give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the interim group management report gives a true and fair view of important events that have occurred during the first six months of the financial year 2018 and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

### **Required data pursuant to Section 87 (3) of the Stock Market Act (BörseG)**

The interim financial report as of June 30, 2018 was neither subject to a complete audit nor to an audit review by an auditor.

Vienna, August 2018

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

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

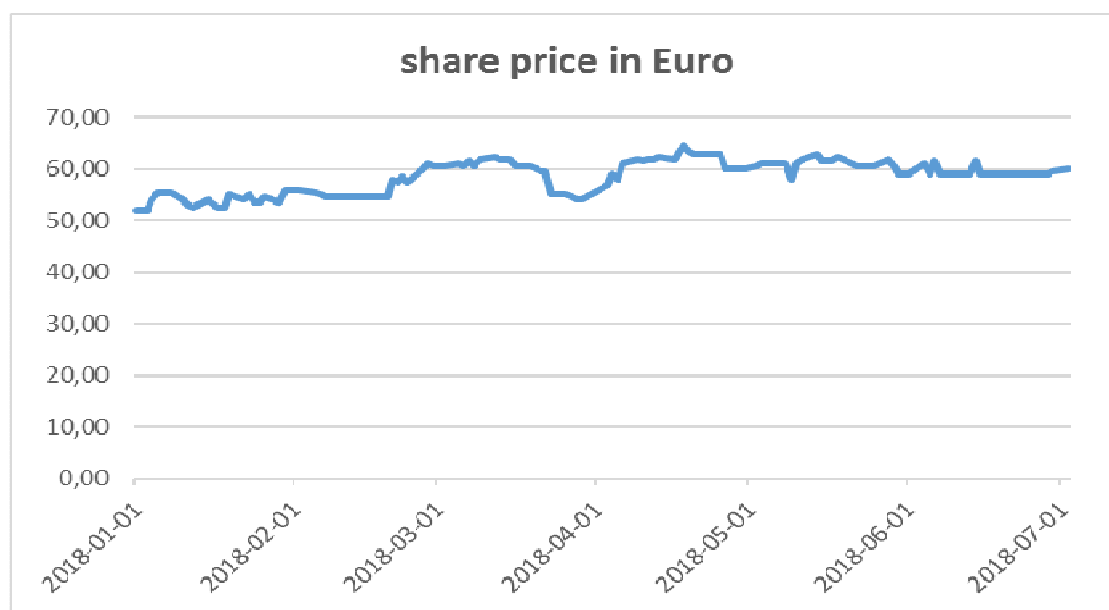
Cristobal Mendez de Vigo, m.p.  
Member of the Management Board

## FINANCIAL CALENDAR 2018

April 06th, 2018	Results 2017
April 24th, 2018	Record date for participation at the Annual General Meeting (AGM)
May 04th, 2018	Annual General Meeting (AGM)
May 09th, 2018	Dividend ex date
May 14th, 2018	Interim Report as of March 31, 2018
May 16th, 2018	Dividend payment date
August 20st, 2018	Interim Report as of June 30, 2018
November 12th, 2018	Interim Report as of September 30, 2018

The final date for the planned analysts' conference will be announced separately later.

## PERFORMANCE OF C-QUADRAT INVESTMENT AG SHARES (ISIN: AT0000613005)



XETRA Frankfurt 1 January 2018 – 30 June 2018

## **CONTACT**

Investor Relations

[ir@c-quadrat.com](mailto:ir@c-quadrat.com)

## **PUBLISHER'S NOTES**

### **C-QUADRAT Investment AG**

Schottenfeldgasse 20

1070 Vienna

[www.c-quadrat.at](http://www.c-quadrat.at)

We have prepared this report with utmost care and have checked all facts and figures therein. Nevertheless, no guarantee can be given that there are no rounding, typographic and printing errors. Arithmetic differences may result when rounded amounts and percentages are totalled using automatic calculating devices.

This report also contains forward-looking estimates and statements which we have made on the basis of all information available to us at the time. These forward-looking statements usually contain expressions such as 'expects', 'estimates', 'plans', 'anticipates', etc. It should be noted that actual circumstances – and hence the actual results – may deviate due to various factors from the expectations presented in this report. Statements relating to persons should be understood as gender-neutral.

This report is also available in English. The German version shall take precedence in the event of any doubts or discrepancies.