



the asset manager

Interim Report

as of September 30, 2017
C-QUADRAT Investment AG



C-QUADRAT Investment AG
CONSOLIDATED INCOME STATEMENT
for the period January 1, 2017 to September 30, 2017

		1-9 2017	1-9 2016	Q3 2017	Q3 2016
		Unaudited			
Notes	TEUR	TEUR	TEUR	TEUR	TEUR
Fee and commission income	IV.1	38,846	31,582	13,542	10,869
Other operating income		397	398	167	131
Operating income		39,243	31,980	13,708	11,000
Fee and commission expenses	IV.1	-18,308	-15,707	-6,347	-5,289
Personnel expenses		-9,374	-7,207	-2,968	-2,369
Other administrative expenses		-4,927	-5,903	-1,620	-1,857
Other operating expenses		-581	-608	-262	-161
Operating profit before depreciation		6,053	2,555	2,510	1,324
Depreciation		-1,384	-1,460	-456	-478
Operating profit		4,669	1,095	2,054	846
Income from associates	IV.2	2,051	2,039	702	646
Financial revenue		731	127	310	27
Finance expenses		-797	-487	-291	-52
Profit before taxes	IV.5	6,653	2,773	2,775	1,466
Taxes	IV.3	-994	-611	-341	-245
Net Profit for the period		5,659	2,162	2,435	1,221
thereof parent		4,748	1,571	2,161	1,081
thereof minorities		911	592	274	141
Earnings per share of the continued operation	IV.4				
- undiluted and diluted, for the profit/loss attributable to the holders of ordinary shares in the company		1.09	0.36	0.50	0.25

C-QUADRAT Investment AG
STATEMENT OF COMPREHENSIVE INCOME
for the period January 1, 2017 to September 30, 2017

	1- 9 2017	1- 9 2016	3.Q 2017	3.Q 2016
	Unaudited			
Notes	TEUR	TEUR	TEUR	TEUR
Net Profit	5,659	2,162	2,435	1,221
Other comprehensive income:				
Total income and expenses recognised directly in equity:				
Net-profit from financial assets held for sale	55	27	-6	15
Currency-conversion	-267	-142	-95	-75
Taxes on income	-12	-5	2	-3
	-224	-120	-99	-63
Total income and expenses not recycled in future profit and loss:				
Revaluation of performance-oriented obligation	0	0	0	0
Tax	0	0	0	0
	0	0	0	0
Other comprehensive income	-224	-120	-99	-63
	IV.6			
thereof shareholder's equity	-198	-116	-63	-52
thereof minority interest	-27	-3	-38	-10
Total comprehensive income	5,435	2,042	2,335	1,158
thereof shareholder's equity	4,551	1,454	2,100	1,029
thereof minority interest	884	588	236	129

C-QUADRAT Investment AG
CONSOLIDATED BALANCE SHEET
as of September 30, 2017

		1-9 2017	31.12.2016
		Unaudited	
		<u>TEUR</u>	<u>TEUR</u>
ASSETS	Notes		
Non-current assets			
Intangible Assets	V.1, V.2	11,258	12,291
Property, plant and equipment	V.1	1,928	2,086
Shares in associates	V.3	7,306	8,181
Financial investments	V.4	9,018	4,068
Deferred tax asset		174	224
Total non-current asstes		29,683	26,851
Current assets			
Receivables from customers	V.4	6,482	3,593
Financial investments	V.4	532	662
Other assets	V.4	3,723	1,508
Cash and cash equivalents	V.5	14,889	18,409
Total current assets		25,625	24,172
Total assets		55,308	51,023
EQUITY and LIABILITIES			
Issued capital	V.6	4,363	4,363
Add paid-in capital	V.6	18,326	18,326
Retained earnings		15,977	17,774
Other reserves	V.6	-166	32
Equity attributable to shareholders of the parents		38,501	40,495
Minority interests		874	702
Total equity		39,374	41,198
Non-current liabilities			
Long-term financial liabilities	V.4	4,063	0
Other non-current liabilities		260	97
Deferred tax liabilities		1,698	1,922
Total non-current liabilities		6,021	2,019
Current liabilities			
Short-term financial liabilities	V.4	947	12
Payables to customers	V.4	4,205	3,754
Other current liabilities	V.4	3,962	3,052
Other provisions		732	542
Other current financial liabilities	V.4	0	433
Income tax payable		67	14
Total current liabilities		9,913	7,807
Total liabilities		15,934	9,825
Total equity and liabilities		55,308	51,023

C-QUADRAT Investment AG
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
as of September 30, 2017

	Equity attributable to equity holder of the parent				Shareholders' equity	Minority interest point III. Notes	Total equity
	Issued capital point V.6. Notes	Add paid-in capital point V.6. Notes	Retained earnings	Other reserves point V.6. Notes			
	<i>TEUR</i>	<i>TEUR</i>	<i>TEUR</i>	<i>TEUR</i>			
01.01.2016	4,363	18,326	32,711	55	55,455	829	56,284
Dividends (Notes V.9)	0	0	-17,453	0	-17,453	-871	-18,324
Total comprehensive income	0	0	1,571	-116	1,454	588	2,042
30.09.2016	4,363	18,326	16,829	-61	39,457	547	40,004
01.01.2017	4,363	18,326	17,774	32	40,495	702	41,198
Dividends (Notes V.9)	0	0	-6,545	0	-6,545	-713	-7,258
Total comprehensive income	0	0	4,747	-198	4,549	884	5,434
30.09.2017	4,363	18,326	15,977	-165	38,501	874	39,374

C-QUADRAT Investment AG
CONSOLIDATED CASH FLOW STATEMENT
for the period January 1, 2017 to September 30, 2017

	Notes	1-9 2017	1-9 2016
		Unaudited	
		TEUR	TEUR
Net Profit		5,659	2,162
Taxes		994	611
Financial result		67	360
Income from associates		-2,051	-2,039
Depreciation of intangible assets, property, plant and equipment		1,384	1,460
Increase/decrease in long term provisions		163	120
Income/loss from the disposal of fixed and financial assets	V.1	-10	0
Increase/decrease from disposal of fixed and financial assets		0	38
Increase/decrease in receivables and other assets		-2,864	1,970
Increase/decrease in other provisions		-190	-367
Increase/decrease in trade payables		928	-2,099
Income tax paid		-1,217	-5,026
Cash flow from operating activities	VI	2,865	-2,810
Purchase of property, plant and equipment and intangible assets	V.1	-210	-82
Net payments made for the acquisition of subsidiaries	III.1	0	-16
Payments made for issue of loans to shareholders		-527	0
Payments made for the investments in financial assets	V.4	-6,641	0
Proceeds from sale of assets	V.1	10	0
Proceeds from sale of financial assets	V.4	126	0
Interest received		73	79
Dividends received	VI	2,925	7,200
Cash flow from investing activities	VI	-4,089	7,181
Dividends paid		-7,258	-18,324
Interest paid		-43	-14
Proceeds from borrowings		5,000	-32
Cash flow from financing activities	VI	-2,302	-18,369
Currency fluctuations		5	101
Net increase in cash and cash equivalents	VI	-3,521	-13,897
Cash and cash equivalents at beginning of period		18,409	33,956
Cash and cash equivalents at end of period	V.5	14,889	20,060

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. The company 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 September 30, 2017 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 September 30, 2017 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, 2016.

The present condensed interim financial statements cover the interim period from January 1, 2017 to September 30, 2017 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 November 13, 2017, the management approved for publication the condensed interim financial statements of the C-QUADRAT Group for the interim period from January 1, 2017 to September 30, 2017.

2.2. Changes in accounting policies

These condensed consolidated interim financial statements as of September 30, 2017 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, 2016. The one exception from this principle consists of the standards and interpretations first applicable as of January 1, 2016. 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:

On January 29, 2016 the IASB published its amendment to **IAS 7** (Statement of Cash Flows). These amendments are intended to clarify IAS 7 and to improve the information which is provided to recipients of financial statements in relation to a company's financing activities. The amendments will apply for reporting years beginning on or after January 1, 2017. Adoption by the EU is scheduled for Q4 of 2017. Application has not had any material effect on the consolidated financial statements.

On January 19, 2016 the IASB published an amendment to **IAS 12** (Income Taxes). The IASB has reached the conclusion that different practical approaches to the recognition of deferred tax assets for assets reported at fair value are largely associated with uncertainties relating to the application of several principles in IAS 12. These amendments thus consist of inserted clarificatory paragraphs and an additional explanatory example. The amendments will apply for reporting years beginning on or after January 1, 2017. Adoption by the EU is scheduled for Q4 of 2017. Application has not had any material effect on the consolidated financial statements.

The IASB published **IFRS 9** (Financial Instruments) on July 24, 2014. This standard replaces IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for how an entity should classify and measure financial assets, requires changes to the reporting of 'own credit' with respect to issued debt liabilities that are designated at fair value, replaces the current rules for impairment of financial assets and amends the requirements for hedge accounting. The amendments will apply for reporting years beginning on or after January 1, 2018. These amendments were adopted by the EU on November 22, 2016. The possible effects for the consolidated financial statements are currently being assessed.

On May 28, 2014 the IASB published **IFRS 15** (Revenue from Contracts with Customers). This new standard covering realization of revenue is intended to combine the rules in various existing standards and interpretations. Under IFRS 15, revenue is reported at the amount which is envisaged in exchange for the transfer of goods or services to customers. The date or period of realization of revenue will now mainly be determined on the basis of transfer of control over the goods and services to the customer (control approach) instead of the transfer of risks and opportunities (risk and reward approach). For determination of realization of revenue, IFRS 15 stipulates a single five-step revenue realization model. In principle, this applies for all contracts with customers. This standard is applicable to financial years beginning on or after January 1, 2018. The EU adopted these amendments on September 22, 2016. The possible effects for the consolidated financial statements are currently being assessed.

On April 12, 2016 the IASB published a clarification in relation to "IFRS 15 – Revenue from Contracts with Customers" including transition relief. This standard is applicable to financial years beginning on or after January 1, 2018. Adoption by the EU is currently scheduled for Q4 of 2017. The possible effects for the consolidated financial statements are currently being assessed.

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. Adoption by the EU is currently scheduled for Q4 of 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 20, 2016, the IASB published its amendment to **IFRS 2** (Classification and Measurement of Share-based Payment Transactions) which clarifies the classification and measurement of share-based payment transactions. The amendments will apply for reporting years beginning on or after January 1, 2018. Adoption by the EU is scheduled for Q1 of 2018. The possible effects for the consolidated financial statements are currently being assessed.

In addition, on December 8, 2016 the IASB published amendments to **IAS 40** (Investment Property) in order to clarify the status of transfers to, or from, investment properties. Such a transfer may only be made in case of a evident change in use for the property. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management’s intentions for the use of a property by itself does not constitute evidence of a change in use. The amendments will apply for reporting years beginning on or after January 1, 2018. Adoption by the EU is scheduled for Q1 of 2018. The possible effects for the consolidated financial statements are currently being assessed.

On December 8, 2016 the interpretation **IFRIC 22** was published, which considers the translation of foreign currency transactions in circumstances in which consideration is received or paid in advance. The interpretation clarifies which exchange rate is to be used in case of initial recognition of a foreign-currency transaction in the functional currency of a company, if this company makes or receives prepayments on the assets, expense or income underlying the transaction. This interpretation will apply for reporting years beginning on or after January 1, 2018. Adoption by the EU is scheduled for Q1 of 2018. 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 September 11, 2014 the IASB published amendments to **IFRS 10 and IAS 28** (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture). These amendments relate to the lack of consistency between the IFRS 10 and IAS 28 rules in connection with the loss of control of a subsidiary which is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets must be recognized in full if the assets constitute a business as defined in IFRS 3. All gains or losses resulting from the sale or contribution of assets which do not constitute a business are only to be recognized to the extent of the interest held by the unrelated other investors in the associate or joint venture. The IASB has indefinitely deferred initial application of these amendments.

Improvements to the IFRS cycle 2014-2016

On December 8, 2016 the IASB published annual improvements to the IFRS cycle 2014-2016 and amended the following standards:

Standard	Subject of amendment
IFRS 1 <i>First-time Adoption of IFRS</i>	Deletion of the short-term relief arrangements for first-time IFRS adoption, since no longer relevant.
IFRS 12 <i>Disclosure of Interests in Other Entities</i>	Clarification that, with the exception of the summarized financial information pursuant to IFRS 12.B17, all other disclosure obligations laid down in IFRS 12 also apply for interests which are classified according to IFRS 5 as non-current assets held for sale or discontinued operations.
IAS 28 <i>Investments in Associates and Joint Ventures</i>	Clarification that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The amendments to IFRS 1 and IAS 28 will enter into force for reporting periods beginning on or after January 1, 2017. The amendments to IFRS 12 will enter into force for reporting periods beginning on or after January 1, 2018. Adoption of these amendments by the EU is scheduled for Q4 of 2017. The effects of these amendments for the consolidated financial statements are currently being assessed.

On October 12, 2017, The IASB published amendments to **IAS 28** (Investments in Associates and Joint Ventures). The amendments specify that companies are obliged to apply IFRS 9 (Financial Instruments), including its impairment rules, to long-term investments in associates and/or joint ventures which essentially represent a portion of the net investments in the associate or joint venture and are not presented according to the equity method. Hence, the application of IFRS 9 takes precedence over the application of IAS 28. The amendments 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. 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.

2.3. Foreign currency translation

Currency translation was based on the following exchange rates:

in EUR	Closing rate on			
	9/30/2017	12/31/2016	9/30/2016	12/31/2015
CHF	0.874	0.931	0.919	0.924
USD	0.847	0.949	0.891	0.915
HUF	0.00322	0.00323	0.00325	0.00320
GBP	1.134	1.168	1.161	1.356
KYD	1.01688	1.14516	1.07026	1.07042
AMD	0.00177	0.00196	0.00188	0.00189

in EUR	Average rate			
	Jan. - Sep. 2017	2016	Jan. - Sep. 2016	2015
CHF	0.902	0.927	0.921	0.877
USD	0.912	0.932	0.903	0.869
HUF	0.00322	0.00321	0.00322	0.00319
GBP	1.145	1.219	1.242	1.322
KYD	1.08102	1.11980	1.08235	1.0277
AMD	0.00185	0.00193	0.00189	0.00181

III. SCOPE OF CONSOLIDATION

In addition to C-QUADRAT Investment AG, the interim financial statements of the C-QUADRAT Group as of September 30, 2017 include a total of fourteen fully consolidated subsidiaries (December 31, 2016: 14) and two companies accounted for at equity (December 31, 2016: 2).

1. 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.

2. Changes in the scope of consolidation in the 2016 interim period

On August 4, 2016 the company C-QUADRAT VENTURES LUX S.à.r.l., Luxembourg, was established with share capital of EUR 12,500. It is wholly owned by C-QUADRAT Asset Management (UK) LLP, United Kingdom. The company will be fully consolidated from August 4, 2016.

On May 18, 2016, following regulatory approval the Group sold 41.006% of the share capital in QC Partners GmbH, Frankfurt am Main, Germany, with a carrying amount of EUR 475 thousand for an amount of EUR 513 thousand. With effect as of the interim financial statements as of June 30, 2016, due to a lack of significant influence the Group no longer recognizes its residual 9.004% interest in the share capital of QC Partners GmbH as an associate and has now classified it as an other investment with a carrying amount of EUR 107 thousand.

On December 14, 2015 the company C-QUADRAT Nordics AS, Norway, was established with share capital of NOK 30,000 (EUR 3 thousand). C-QUADRAT Nordics AS is fully owned by C-QUADRAT Luxembourg SA. The company will be fully consolidated from January 1, 2016.

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:

	Q3 2017 € '000	Jan. – Sep. 2017 € '000	Q3 2016 € '000	Jan. – Sep. 2016 € '000
Management fees	12,329	34,975	9,478	28,069
Performance fees	9	723	501	944
Other fees	1,204	3,147	891	2,569
Total	13,542	38,846	10,869	31,582

In the 2017 interim period, the C-QUADRAT Group's assets under management (AUM) increased by 66.6% to EUR 10.1 billion (AUM December 31, 2016: EUR 6.0 billion). Management fees amounted to EUR 34,975 thousand (2016 interim period: EUR 28,069 thousand).

Due to the current market situation, to date in 2017 performance-related management fees have been generated in the amount of EUR 723 thousand (2016 interim period: EUR 944).

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

	Q3 2017 € '000	Jan. – Sep. 2017 € '000	Q3 2016 € '000	Jan. – Sep. 2016 € '000
Management fees	5,483	15,957	5,040	15,074
Performance fees	4	17	11	15
Other fees	861	2,334	239	619
Total	6,347	18,308	5,289	15,707

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:

	Q3 2017 € '000	Jan. – Sep. 2017 € '000	Q3 2016 € '000	Jan. – Sep. 2016 € '000
Actual expense for taxes on income	383	1,129	307	817
Deferred taxes on income	-42	-135	-62	-206
Tax expenditure	341	994	245	611

4. Earnings per share

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

	Q3 2017 Jan. 1 – Sep. 30 2017	Q3 2016 Jan. 1 – Sep. 30 2016
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 (former C-QUADRAT Kapitalanlage AG)
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 Norway AS
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:

2017 interim period

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000	Austria	Other countries € '000	€ '000	€ '000
Fee and commission income	38	31.385	9.084	-1.661	38.846
From external customers	38	29.724	9.084	0	38.846
Intersegment income	0	1.661	0	-1.661	0
Pre-tax segment earnings	-139	5.950	889	-46	6.653

2016 interim period

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000	Austria	Other countries € '000	€ '000	€ '000
Fee and commission income	67	28,219	4,537	-1,241	31,582
From external customers	67	26,978	4,537	0	31,582
Intersegment income	0	1,241	0	-1,241	0
Pre-tax segment earnings	-6	4,945	-2,166	0	2,773

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 September 30, 2017

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000	Austria € '000	Other countries € '000	€ '000	€ '000
Segment assets	47,558	16,602	31,919	-40,771	55,308
Segment liabilities	5,932	7,236	13,979	-11,212	15,934

As of December 31, 2016

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000	Austria € '000	Other countries € '000	€ '000	€ '000
Segment assets	43,138	16,704	20,235	-29,053	51,023
Segment liabilities	889	5,518	7,494	-4,076	9,825

6. Other comprehensive income

Development of other comprehensive income before tax:

	Jan. – Sep. 2017 € '000	Jan. – Sep. 2016 € '000
Reserve for available-for-sale financial assets		
<i>Profits (losses) resulting in the current period</i>	55	27
Contribution to other comprehensive income resulting from measurement of available-for-sale financial assets (before taxes)	55	27
Reserve for differences resulting from currency translation	-267	-142
Reserve for remeasurement of defined-benefit obligation	0	0
Taxes applicable on portions of other comprehensive income:	Jan. – Sep. 2017 € '000	Jan. – Sep. 2016 € '000
Available-for-sale financial assets		
<i>Profits (losses) resulting in the current period</i>	-12	-5
Tax effect for other comprehensive income resulting from measurement of available-for-sale financial assets	-12	-5
Tax effect on other comprehensive income resulting from remeasurement of defined-benefit obligation	0	0

V. NOTES ON THE BALANCE SHEET

1. Intangible assets and property, plant and equipment

In the 2017 interim period, the Group purchased property, plant and equipment and intangible assets at a cost of EUR 210 thousand (2016 interim period: EUR 82 thousand), mainly comprising operating and office equipment.

In the period from January 1 to September 30, 2017, the Group sold assets with a carrying amount of EUR 0 thousand (2016 interim period: EUR 0 thousand) and realized a net disposal gain in the amount of EUR 10 thousand (2016 interim period: EUR 0 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 “CUK Group”, which comprises the following companies:

CUK Group:

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 Norway AS

- 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 September 30, 2017 goodwill was allocated to these units as follows:

	9/30/2017	12/31/2016
	€ '000	€ '000
CUK Group	4,031	4,031
C-QUADRAT Asset Management GmbH	420	420
Total	4,451	4,451

As of September 30, 2017, the customer base is allocated to the following unit:

	9/30/2017	12/31/2016
	€ '000	€ '000
CUK Group	6,715	7,674
Total	6,715	7,674

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, 2016. As of September 30, 2017 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, 2016.

3. Investments in associates and joint ventures

The Group has the following associates and joint ventures:

	9/30/2017	12/31/2016
	€ '000	€ '000
ARTS Asset Management GmbH (45%)	7,250	8,124
Ampega C-QUADRAT Fondsmarketing GmbH i.L. (50%)	56	56
Total	7,306	8,181

4. Financial assets and financial liabilities

Financial assets

	9/30/2017	12/31/2016
	€ '000	€ '000
Non-current assets:		
Financial assets available for sale, measured at fair value and recognized directly in equity	1,286	738
Loans and receivables	7,732	3,330
	9,018	4,068
Current assets:		
Financial assets measured at fair value in income	532	662
Loans and receivables	10,205	5,101
	10,737	5,763
Total financial assets	19,754	9,831

Available-for-sale financial assets

Available-for-sale financial assets comprise listed bonds in the amount of EUR 506 thousand (December 31, 2016: EUR 458 thousand), investment fund units in the amount of EUR 679 thousand (December 31, 2016: EUR 154 thousand) and the 9.004% interests in the share capital of QC Partners GmbH in the amount of EUR 101 thousand (December 31, 2016: EUR 126 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 financial assets available-for-sale, 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 September 30, 2017, the Group did not determine any impairment loss on its available-for-sale financial assets measured at fair value. On December 31, 2016, the Group identified an impairment in the amount of EUR 19 thousand on available-for-sale financial assets. 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 mainly comprise security deposits in the amount of EUR 394 thousand (December 31, 2016: EUR 400 thousand) and two long-term profit-dependent loans 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 7,337 thousand (December 31, 2016: EUR 2,930 thousand), in accordance with their fair values.

Current loans and receivables include receivables from customers in the amount of EUR 6,482 thousand (December 31, 2016: EUR 3,593 thousand). Here is also seeding-money for a new fund in the amount of TEUR 1.100 (31.12.2016: TEUR 0) included. 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. While up until now, some receivables were settled before the end of the calendar month, receivables settlement will now primarily take place after the end of the month. Accordingly, in the future, net receivables at the end of the calendar month will be higher than in the preceding months.

Furthermore other assets in the amount of EUR 3,723 thousand (December 31, 2016: EUR 1,508 thousand) are shown. 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, 2016: entirely) traded on the stock market or at calculated values that are published daily.

Financial liabilities

	9/30/2017 € '000	12/31/2016 € '000
Non-current liabilities at amortized cost:		
Liabilities to banks	4,063	0
Current liabilities at amortized cost:		
Liabilities to banks	947	12
Liabilities to customers	4,205	3,754
Other liabilities and provisions	4,694	3,594
Total current liabilities at amortized cost	9,846	7,360
Total financial liabilities at amortized cost	13,909	7,360
	9/30/2017 € '000	12/31/2016 € '000
Other financial liabilities		
Derivatives not classified as hedging instruments	0	433
Total other financial liabilities	0	433
Total financial liabilities	13,909	7,793

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 4,062 thousand (December 31, 2016: EUR 0 thousand) and current liabilities to banks in the amount of EUR 947 (December 31, 2016: EUR 12 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:

	9/30/2017 € '000	12/31/2016 € '000
Up to one year	938	0
Longer than one year and up to five years	4,062	0
Total	5,000	0

For the Group's current liabilities to customers in the amount of EUR 4,205 thousand (December 31, 2016: EUR 3,754 thousand) and other current liabilities in the amount of EUR 4,694 thousand (December 31, 2016: EUR 3,594 thousand), as input factors the carrying amounts are used as a realistic estimate of the fair value.

Other financial liabilities

Other financial liabilities included derivatives not classified as hedging instruments last year. These entail forward foreign exchange contracts (British pound) with a volume of EUR 0

thousand (December 31, 2016: EUR 433 thousand). The Group used forward foreign exchange contracts to hedge some of the applicable transaction risks. These forward foreign exchange contracts were not classified as cash flow hedges. The period for which the forward foreign exchange contracts are entered into corresponds to the period for which a foreign-exchange risk applies for the underlying transactions, generally up to 24 months. In the current year there are no hedging instruments in use.

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	
	9/30/2017	12/31/2016	9/30/2017	12/31/2016
	€ '000	€ '000	€ '000	€ '000
Available-for-sale financial assets measured at fair value	1,286	738	1,286	738
Loans and receivables (non-current)	7,731	3,330	7,731	3,330
Financial assets measured at fair value in income	532	662	532	662

Financial liabilities	Carrying amount		Fair value	
	9/30/2017	12/31/2016	9/30/2017	12/31/2016
	€ '000	€ '000	€ '000	€ '000
Liabilities to banks	5,000	0	5,000	0
Derivatives not classified as hedging instruments	0	433	0	433

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 is measured at the prices listed as of the balance sheet date.
- The fair value of the available-for-sale financial 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 Group concludes derivative financial instruments with various parties, in particular with financial institutions with high (investment grade) credit ratings. Forward foreign exchange contracts are measured using a measurement method including input factors observable on the market.
- 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.

Financial assets	9/30/2017				12/31/2016			
	Total € '000	Level 1 € '000	Level 2 € '000	Level 3 € '000	Total € '000	Level 1 € '000	Level 2 € '000	Level 3 € '000
Available-for-sale financial assets measured at fair value	1,286	506	679	101	738	458	154	126
Loans and receivables (non-current)	7,731	0	394	7,337	3,330	0	400	2,930
Financial assets measured at fair value in income	532	0	532	0	662	0	662	0

Financial liabilities	9/30/2017				12/31/2016			
	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	5,010		5,010		12	0	12	0
Derivatives not classified as hedging instruments	0	0	0	0	433	0	433	0

During the reporting period from January 1 to September 30, 2017, there were no transfers between fair value measurements in Level 1, Level 2 and Level 3.

5. Cash and cash equivalents

Bank balances 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 14,889 thousand (December 31, 2016: EUR 18,409 thousand).

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

6. 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.

7. 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 September 30, 2017 the C-QUADRAT Group has bank liabilities in the amount of EUR 5.010 thousand (December 31, 2016: EUR 12 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 and CHF exchange rates, which is reasonably considered to be possible. A positive figure indicates an increase in the net income for the year, if the GBP or CHF increases 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	
	9/30/2017	9/30/2016	9/30/2017	9/30/2016	9/30/2017	9/30/2016	9/30/2017	9/30/2016
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Pre-tax earnings	76	257	6	120	21	1	17	0

During the period under review, C-QUADRAT generated 23% of its revenues in foreign currencies, mainly GBP (11%), USD (9%), CHF (2%), CAA (1%). A portion of the C-QUADRAT Group's revenues and profits are generated by subsidiaries that are not headquartered in the Eurozone. 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 AG. The CUK Group also has operations outside of the Eurozone.

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 September 30, 2017, as well as securities which may be liquidated at any time the Group has cash and cash equivalents in the amount of EUR 14,889 thousand (December 31, 2016: EUR 18,409 thousand), which is equivalent to approx. 27.0% of the balance sheet total (December 31, 2016: 36.1%). 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.

	9/30/2017	12/31/2016
	€ '000	€ '000
Share capital	4,363	4,363
Reserves	16,108	16,005
Group profits	4,748	2,818
Profit carryforward less dividend	13,281	17,310
Non-controlling interests	874	702
Equity according to IFRS	39,374	41,198
Liabilities	15,934	9,825
Total equity and liabilities	55,308	51,023
Equity ratio according to IFRS	71.2%	80.7%

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 interim period 2017 in the amount of EUR 90 thousand (interim period 2016: EUR 92 thousand). As of September 30, 2017, the resulting liability amounts to EUR 10 thousand (December 31, 2016: EUR 112 thousand). Cubic (London) Limited holds 33.00% of the voting rights in C-QUADRAT Investment AG.

Expenses with a volume of EUR 50 (interim period 2016: TEUR 0) thousand have arisen in the interim period 2017 in relation to Realissimo GmbH, a company related to Mr. Thomas Riess, due to consulting services. As of September 30, 2017, the resulting liability amounts to EUR 50 thousand (December 31, 2016: EUR 0 thousand). Mr. Riess was a member of the Management Board of C-QUADRAT Investment AG until May 31, 2017 and still holds various positions in C-QUADRAT Group companies.

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

Management Board

In the 2017 interim period, the Management Board of C-QUADRAT Investment AG consisted of the following persons:

Gerd Alexander Schütz
Thomas Riess, to May 31, 2017
Cristobal Mendez de Vigo
Carlos Mendez de Vigo, from September 1, 2017

Supervisory Board

In the 2017 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 748 thousand were generated from associates and joint ventures in the 2017 interim period (2016 interim period: EUR 750 thousand). These

revenues relate mainly to fee and commission income, passed-on expenses and performance fees. Expenses in the amount of EUR 7,235 thousand (2016 interim period: EUR 7,518 thousand) were charged to the company by associates and joint ventures in the 2017 interim period. These charges mainly related to fee and commission expenses. As of September 30, 2017, receivables from associates and joint ventures amounted to EUR 43 thousand (December 31, 2016: EUR 44 thousand) and payables to associates and joint ventures to EUR 860 thousand (December 31, 2016: EUR 831 thousand).

9. Distributed dividends

The dividend resolved and distributed in the 2017 interim period for the financial year 2016 was approved on May 5, 2017 and amounts to EUR 1.50 per share (2016: EUR 4.00 per share).

10. Contingent liabilities

There were no contingent liabilities as of September 30, 2017.

11. Events after the balance sheet date

In this respect, we also refer to the audited and published annual financial statements as of December 31, 2016.

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 2,925 thousand (2016 interim period: EUR 7,200 thousand) and payments made for the purpose of lending in the amount of EUR 6,641 thousand (2016 interim period: 0).

The cash flow from financing activities mainly comprises dividends paid to shareholders in the amount of EUR 6,545 thousand (2016 interim period: EUR 17,453 thousand) and dividends paid to non-controlling shareholders in the amount of EUR 713 thousand (2016 interim period: EUR 871 thousand).

VII. OTHER DISCLOSURES

Volume of managed funds

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

	9/30/2017	12/31/2016
	EUR million	EUR million
ARTS Asset Management GmbH	2,540	2,438
C-QUADRAT Asset Management GmbH	2,485	1,693
C-QUADRAT UK Group	4,422	1,383
QC Partners GmbH	615	526
SMN	2	2
Total volume	10,064	6,042

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

	January - September 2017	January - September 2016
	Total	Total
Group	90	85
Companies not fully included in the scope of consolidation	16	22

The above employee figures exclusively comprise salaried employees.

As of November 13, 2017

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