



the asset manager

Annual Financial Statement 2016

acc. to par. 82 (4) stock exchange act
C-QUADRAT Investment AG



Table of contents

1. Consolidated Financial Statement C-QUADRAT Investment AG as of Dec. 31, 2016.....	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 consolidated financial statements	7
List of subsidiary and associated companies	70
2. Consolidated Management Report C-QUADRAT Investment AG as of Dec. 31, 2016.....	71
3. Auditors Report group	79
4. Financial Statement C-QUADRAT Investment AG as of December 31, 2016.....	85
Balance sheet.....	85
Income statement.....	86
Notes.....	87
5. Management Report C-QUADRAT Investment AG as of December 31, 2016	103
6. Auditors Report	108
7. Statement of all Legal Representatives.....	114
Financial calendar 2017.....	115
Chart C-QUADRAT Investment AG share	115
Contact.....	116

C-QUADRAT Investment AG
CONSOLIDATED INCOME STATEMENT
for the period January 1, 2016 to December 31, 2016

		2016	2015
	Notes	<u>TEUR</u>	<u>TEUR</u>
Fee and commission income	IV.1	43,835	83,293
Other operating income	IV.2	<u>479</u>	<u>520</u>
Operating income		44,315	83,813
Fee and commission expenses	IV.1	-21,184	-43,419
Personnel expenses	IV.3	-10,549	-11,083
Other administrative expenses	IV.4	-8,603	-8,786
Other operating expenses	IV.5	<u>-746</u>	<u>-808</u>
Operating profit before depreciation		3,232	19,717
Depreciation	IV.6	<u>-1,973</u>	<u>-1,991</u>
Operating profit		1,259	17,727
Income from associates	V.3	3,029	7,443
Financial revenue	IV.8	220	336
Finance expenses	IV.9	<u>-600</u>	<u>-176</u>
Profit before taxes		3,909	25,330
Taxes	IV.10	<u>-647</u>	<u>-4,598</u>
Net Profit for the period		<u>3,262</u>	<u>20,731</u>
thereof parent		2,516	20,048
thereof minorities	III.	745	683
Earnings per share of the continued operation	IV.11	<u>EUR</u>	<u>EUR</u>
- undiluted and diluted, for the profit/loss attributable to the holders of ordinary shares in the company		0.58	4.59

C-QUADRAT Investment AG
STATEMENT OF COMPREHENSIVE INCOME
for the period January 1, 2016 to December 31, 2016

		2016	2015
	Notes	<u>TEUR</u>	<u>TEUR</u>
Net Profit		3,262	20,731
Total income and expenses recognised directly in equity:			
Net-profit from financial assets held for sale	IV.13	22	-14
Currency-conversion	IV.13	-38	176
Taxes on income	IV.10	<u>-4</u>	<u>4</u>
		-20	166
	V.10; IV.13	-6	-5
	IV.10	<u>1</u>	<u>1</u>
		<u>-4</u>	<u>-4</u>
Other comprehensive income	IV.13	-23	162
Total comprehensive income		<u>3,238</u>	<u>20,893</u>
thereof shareholder's equity		2,493	20,210
thereof minority interest	III.	745	683

C-QUADRAT Investment AG
CONSOLIDATED BALANCE SHEET
as of December 31, 2016

		31.12.2016	31.12.2015
ASSETS	Notes	<u>TEUR</u>	<u>TEUR</u>
Non-current assets			
Intangible Assets	V.1	12,291	13,609
Property, plant and equipment	V.1	2,086	2,408
Shares in associates	V.3	8,181	13,026
Financial investments	V.4	4,068	1,074
Deferred tax asset	IV.10.	224	265
Total non-current assets		26,851	30,382
Current assets			
Receivables from customers	V.5	3,593	4,504
Financial investments	V.4	662	695
Other assets	V.6	1,508	1,913
Cash and cash equivalents	V.7	18,409	33,956
		24,172	41,069
Total assets		51,023	71,451
EQUITY and LIABILITIES			
Issued capital	V.8	4,363	4,363
Add paid-in capital		18,326	18,326
Retained earnings		17,774	32,711
Other reserves		32	55
Equity attributable to shareholders of the parents		40,495	55,455
Minority interests	III.	702	829
Total equity		41,198	56,284
Non-current liabilities			
Long-term financial liabilities	V.4	0	0
Non-current provisions	V.10	97	113
Deferred tax liabilities	IV.10.	1,922	2,317
		2,019	2,430
Current liabilities			
Short-term financial liabilities	V.4	12	44
Payables to customers	V.11	3,754	4,331
Other current liabilities	V.12	3,052	3,759
Other provisions	V.10	542	651
		433	0
Income tax payable	IV.10	14	3,952
		7,807	12,738
Total liabilities		9,825	15,167
Total equity and liabilities		51,023	71,451

C-QUADRAT Investment AG

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period January 1, 2016 to December 31, 2016

	Equity attributable to equity holder of the parent						Minority interest point III. Notes	Total equity <i>TEUR</i>
	Issued capital point V.8. Notes	Treasury shares	Add paid-in capital point V.8. Notes	Retained earnings	Other reserves point V.8. Notes	Shareholders' equity <i>TEUR</i>		
	<i>TEUR</i>	<i>TEUR</i>	<i>TEUR</i>	<i>TEUR</i>	<i>TEUR</i>	<i>TEUR</i>		
01.01.2015	4,363		18,326	25,751	-106	48,334	997	49,332
Dividends	0	0	0	-13,090	0	-13,090	-850	-13,940
Total comprehensive income	0	0	0	20,048	162	20,210	683	20,893
31.12.2015	4,363	0	18,326	32,711	55	55,455	829	56,284
01.01.2016	4,363	0	18,326	32,711	55	55,455	829	56,284
Dividends	0	0	0	-17,453	0	-17,453	-871	-18,324
Total comprehensive income	0	0	0	2,516	-23	2,493	745	3,238
31.12.2016	4,363	0	18,326	17,774	32	40,495	702	41,198

C-QUADRAT Investment AG
CONSOLIDATED CASH FLOW STATEMENT
for the period January 1, 2016 to December 31, 2016

	Notes	2016 TEUR	2015 TEUR
Net Profit		3,262	20,731
Taxes	IV.10	647	4,598
Financial result	IV.8, IV.9	379	-160
Income from associates	V.3	-3,029	-7,443
Depreciation of intangible assets, property, plant and equipment	V.1	1,973	1,991
Increase/decrease in long term provisions	V.10	-16	-25
Income/loss from the disposal of fixed and financial assets	V.1	-10	-22
Increase/decrease in receivables and other assets		1,807	16,243
Increase/decrease in other provisions	V.10	-108	5
Increase/decrease in trade payables		-863	-9,768
Income tax paid		<u>-5,314</u>	<u>-4,802</u>
Cash flow from operating activities	VI.	-1,272	21,349
Purchase of property, plant and equipment and intangible assets	V.1	-343	-878
Net payments made for the acquisition of subsidiaries	III., VI.	-16	-36
Payments made for the investments in financial assets	V.5	-2,994	-1,011
Proceeds from sale of assets	V.1	10	84
Proceeds from sale of financial assets	V.5	31	491
Interest received	IV.8	174	171
Dividends received	V.3	<u>7,200</u>	<u>8,460</u>
Cash flow from investing activities	VI.	4,062	7,281
Dividends paid	III.; V.9	-18,324	-13,940
Interest paid	IV.9	0	-53
Payment of finance lease liabilities	V.4	0	0
Payments for treasury shares		0	0
Proceeds from borrowings		-32	0
Repayments of borrowings	V.4	<u>0</u>	<u>-3,179</u>
Cash flow from financing activities	VI.	-18,356	-17,171
		19	59
Net increase in cash and cash equivalents	VI.	-15,547	11,517
Cash and cash equivalents at beginning of period		<u>33,956</u>	<u>22,439</u>
Cash and cash equivalents at end of period	V.7	<u>18,409</u>	<u>33,956</u>

C-QUADRAT INVESTMENT AG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. CORPORATE INFORMATION

The C-QUADRAT Group, including its subsidiaries and interests, is a European independent asset manager. The company has owned its own investment trust company with a banking license since 2003, 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 the brokerage and asset management of the aforementioned products.

Due to the historical development of the C-QUADRAT Group, 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. Armenia, Spain, Norway and the USA followed in subsequent years. 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 on which the consolidated financial statements were prepared

The consolidated financial statements as of December 31, 2016 were prepared, in accordance with Directive 83/349 EEC (Consolidated Accounts Directive), on the basis of the International Financial Reporting Standards (IFRS) 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 present consolidated financial statements cover the period from January 1, 2016 to December 31, 2016 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 consolidated financial statements.

The consolidated 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.

The consolidated financial statements of the C-QUADRAT Group for the 2016 financial year were released for publication on March 31, 2017 (the date of the management's release of the financial statements for presentation to the Supervisory Board).

Consolidation principles

As the parent company of the C-QUADRAT Group, C-QUADRAT Investment AG prepares consolidated financial statements in accordance with the IFRS. All subsidiaries under the direct or indirect control of the parent company are fully consolidated. The financial statements of the fully consolidated subsidiaries are prepared using uniform accounting policies and with the same balance sheet date as the financial statements of the parent company, and are included in the consolidated financial statements as of the balance sheet date of the parent company. The balance sheet date of the consolidated financial statements is the balance sheet date of the parent company.

Subsidiaries are fully included in the scope of consolidation from the date of acquisition, i.e. from the date on which the Group acquires control up to the date on which its control ends. They are deconsolidated as soon as the parent loses control. The profit/loss of subsidiaries acquired and disposed of in the course of the year is recognized in the consolidated income statement and in other consolidated income, from the actual date of acquisition and up to the actual date of disposal.

Control applies where a company of the C-QUADRAT Group has control over the investee, is exposed to fluctuating yields resulting from its investment and is able to influence the value of these yields on account of its control. In particular, the Group controls an investee if, and only if, it has all of the following elements:

- control over the investee (i.e. due to currently applicable rights, the Group has control over the activities of the investee which significantly influence its return)
- risk exposure on account of, or rights to, variable returns from its involvement in the investee and
- the ability to use its control over the investee to affect the investee's return.

On the whole, holding of a majority of the voting rights is assumed to entail control. To support this assumption and if the Group does not hold a majority of the voting rights or similar rights in an investee, in assessing the question of whether it has control over this investee it will give consideration to all of the relevant facts and circumstances. These include:

- contractual arrangements with the other holders of voting rights,
- rights resulting from other contractual arrangements,
- voting rights and potential voting rights held by the Group.

The company will reassess the question of whether or not it controls an investee in case of facts and circumstances pointing to a change in one or more of the three above-mentioned control criteria.

The gain or loss and any component of other comprehensive income are attributed to holders of ordinary shares of the parent company and to the non-controlling interests, even if this leads to a negative balance for the non-controlling interests. If necessary, the subsidiaries' financial statements are adjusted in order to align their accounting methods with those of the Group.

Intragroup assets and liabilities, equity, income and expenses plus cash flows from transactions between Group companies are fully eliminated within the scope of consolidation.

A change in the interest held in a subsidiary without loss of control is accounted for as an equity transaction. If the parent company loses control of a subsidiary, the following steps will be implemented:

- Derecognition of the assets (including goodwill) and liabilities of the subsidiary
- Derecognition of the carrying amount of the non-controlling interests in the former subsidiary

- Derecognition of the cumulative translation differences recognized in equity
- Recognition of the fair value of the consideration received
- Recognition of the fair value of the remaining interest
- Recognition of the net income or deficit in the income statement
- Reclassification of the components of other comprehensive income accounted for the parent company to the income statement or retained earnings, as would be necessary if the Group had sold the relevant assets or liabilities directly.

Non-controlling interests correspond to the share in profit/loss and net assets that is not attributable to the shareholders of the parent company. Non-controlling interests are disclosed separately in the consolidated statement of income and accumulated earnings and the consolidated balance sheet. In the consolidated balance sheet, disclosure of non-controlling interests is made under equity, but separate from the equity attributable to the shareholders of the parent company.

Companies over which the parent company exercises significant influence either directly or indirectly (“associates”) and joint ventures are accounted for using the equity method from the date as of which the preconditions for associates or joint ventures are fulfilled up to the date as of which associates or joint ventures no longer exist due to a lack of investment or this investment is classifiable as held for sale in accordance with IFRS 5. Please see *Item III. of the Notes* for further details.

2.2. Changes in accounting policies

The Group has applied for the first time certain standards and amendments which are applicable for financial years beginning on or after January 1, 2016. The Group has not opted for early application of any further standards, interpretations or amendments which have been published but have not yet come into effect.

The nature and effects of these amendments are outlined below. While these new standards and amendments were applied in 2016 for the first time, application has not had any material effect on the consolidated financial statements. The nature and effects of the individual new standards and amendments are outlined below:

On December 18, 2014 the IASB published **its amendment to IFRS 10, IFRS 12 and IAS 28 (2011)** (Investment Entities: Applying the Consolidation Exception). These amendments address issues which have resulted in connection with application of the consolidation exception for investment entities which was published in October 2012. The amendments will apply for reporting years beginning on or after January 1, 2016. These amendments were adopted by the EU on September 22, 2016. Application has not had any material effect on the consolidated financial statements.

On August 12, 2014 the IASB published amendments to **IAS 27 (2011)** (Separate Financial Statements). Through these amendments, the equity method is newly permitted as a reporting option for investments in subsidiaries, joint ventures and associates in an investor’s separate financial statements. The amendments will apply for reporting years beginning on or after January 1, 2016. These amendments were adopted by the EU on December 18, 2015. Application has not had any effect on the consolidated financial statements.

On May 6, 2014 the IASB published amendments to **IFRS 11** (Joint Arrangements). This includes guidelines on accounting for acquisition of interests in a joint operation which consists of a business as defined in IFRS 3 (Business Combinations). In such cases, the principles regarding accounting for business combinations in accordance with IFRS 3 and other relevant IFRS must be applied, unless they contradict the guidelines in IFRS 11. These amendments are applicable to financial years beginning on or after January 1, 2016. These

amendments were adopted by the EU on November 24, 2015. Application has not had any material effect on the consolidated financial statements.

In addition, on May 12, 2014 the IASB published amendments to **IAS 16** (Property, Plant and Equipment) and **IAS 38** (Intangible Assets) regarding acceptable methods of depreciation and amortization. These amendments clarify that revenue-based depreciation methods are not appropriate for items of property, plant and equipment since they entail the generation of an economic benefit rather than its consumption. For intangible assets, the rebuttable presumption applies that revenue-based amortization methods are not appropriate, for the reasons outlined above. The standard defines limited circumstances in which this presumption may be overcome. These amendments are applicable to financial years beginning on or after January 1, 2016. These amendments were adopted by the EU on December 2, 2015. Application has not had any effect on the consolidated financial statements.

On December 18, 2014 the IASB also published its amendment to **IAS 1** (Disclosure Initiative) within the scope of its initiative for improved disclosure obligations. This amendment includes clarifications in relation to discretionary decisions regarding the presentation of financial statements. The amendments will apply for reporting years beginning on or after January 1, 2016. These amendments were adopted by the EU on December 18, 2015. Application has not had any material effect on the consolidated financial statements.

Improvements to the IFRS cycle 2012-2014

On September 25, 2014 the IASB published annual improvements to the IFRS cycle 2012-2014 and amended the following standards:

Standard	Subject of amendment
IFRS 5 <i>Non-current Assets Held For Sale and Discontinued Operations</i>	Clarification that the direct reclassification of an asset from the category "held for sale" to the category "held for distribution purposes" or vice versa will not entail any amendment of the accounting; inclusion of separate guidelines for cases where accounting ends as "held for distribution purposes".
IFRS 7 <i>Financial Instruments: Disclosures</i>	Inclusion of additional guidelines for clarification of the question of when management contracts for the transfer of financial assets represent an "ongoing commitment" for determination of the necessary disclosures; clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements.
IAS 19 <i>Employee Benefits</i>	Clarification of the fact that first-rank, fixed-rate bonds may be used to determine the discount rate for benefits upon termination of the employment relationship, provided that the bonds are denominated in the same currency as the payments due.
IAS 34 <i>Interim Financial Reporting</i>	Clarification of the meaning of "elsewhere in the interim report" (e.g. in the management report) and mandatory inclusion of a cross-reference.

The amendments will enter into force for reporting periods beginning on or after January 1, 2016. These amendments were adopted by the EU on December 15, 2015. Application has not had any material effect on the consolidated financial statements.

2.3. Published standards and interpretations that are not yet mandatory and which have not been adopted early

Further new and revised standards and interpretations have been adopted by the IASB that are not yet mandatory for the consolidated financial statements. These were not applied early by C-QUADRAT Investment AG – if application was possible – and they will all be applied from the dates on which the respective standards and interpretations become effective.

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

Standard/interpretation	Published by the IASB (adopted by the EU)	Mandatory adoption for the C-QUADRAT Group	Voluntary adoption in the consolidated financial statements of the C-QUADRAT Group
IFRS 9 Financial Instruments	7/24/2014 (11/22/2016)	1/1/2018	no
IFRS 15 Revenue from Contracts with Customers	5/28/2014 (9/22/2016)	1/1/2018	no
Clarification in relation to IFRS 15	4/12/2016 (planned Q1/2017)	1/1/2018	no
IFRS 16 Leases	1/13/2016 (planned Q4/2017)	1/1/2019	no
Amendment of IAS 7 Statement of Cash Flows	1/29/2016 (planned Q2/2017)	1/1/2017	no
Amendment of IAS 12 Income Taxes	1/19/2016 (planned Q2/2017)	1/1/2017	no
Amendment of IFRS 2 Share-based Payment	6/20/2016 (planned Q3/2017)	1/1/2018	no
Amendment of IAS 40 Investment Property	12/8/2016 (planned Q3/2017)	1/1/2018	no
IFRIC 22 Foreign Currency Transactions and Advance Consideration	12/8/2016 (planned Q3/2017)	1/1/2018	no
Annual improvements (2014-2016)	12/8/2016 (planned Q3/2017)	1/1/2017 (IFRS 1, IAS 28) 1/1/2018 (IFRS 12)	no

On July 24, 2014, within the scope of completion of the various phases of its extensive project covering accounting for financial instruments and replacement of IAS 39 the IASB published the final version of the new **IFRS 9** (Financial Instruments). This standard replaces all of the previous versions.

IFRS 9 essentially prescribes the following new rules:

- Categorization and measurement of financial instruments
The rules for categorization and measurement of financial instruments have been amended through the introduction of a new category of financial assets “fair value through other comprehensive income”. These financial instruments are classified in accordance with the business model and the contractual arrangement. The new category affects business models in which assets are held in order to realize cash flows and are also held for sale.
- Impairment rules
Changeover from the incurred loss model to the expected loss model, which reflects both losses which have already resulted and those which are expected in future.

Losses expected over the next twelve months are to be recognized following their first-time recognition.

- Hedge accounting
This new standard has resulted in comprehensive changes to the hedge accounting model. The new model has revised hedge accounting so as to harmonize balance-sheet treatment with management activities. Readers of balance sheets will thus receive improved information regarding the company's risk management approach.
- New notes.

The new rules are applicable to financial years beginning on or after January 1, 2018. These amendments were adopted by the EU on November 22, 2016. The possible effects of these amendments 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. These amendments were adopted by the EU 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 Q1 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 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 Q2 of 2017. The possible effects for the consolidated financial statements are currently being assessed.

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 Q2 of 2017. 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 Q3 of 2017. 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 Q3 of 2017. 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 Q3 of 2017. 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.
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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 Q3 of 2017. The effects of these amendments for the consolidated financial statements are currently being assessed.

2.4. Main discretionary decisions, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The following other disclosures relate to the risks and uncertainties to which the Group is exposed:

- Capital management: see **Item V.13. of the Notes**.
- Objectives and methods of risk management for financial instruments, see **Item V.13. of the Notes**.
- For details of sensitivity analyses, see **Items V.2. and V.10. of the Notes**.

Discretionary decisions

In applying the Group's accounting policies, management made the following discretionary decisions that significantly influenced the amounts reported in the consolidated financial statements.

Control

The Group holds 50.01% of the voting rights in QC Partners GmbH, Germany. The Management Board has assessed the question of whether the Group is able to exercise control over QC Partners GmbH. Since a voting majority of 75% is required for significant decisions, despite C-QUADRAT Investment AG's 50.01% interest QC Partners GmbH was not fully consolidated and was accounted for at equity within the Group in the period up to May 18, 2016. Please see **Item III. of the Notes** for further details.

Estimates and assumptions

The key assumptions concerning the future and other major sources of estimation uncertainty on the balance sheet date due to which a considerable risk exists that a significant adjustment of the carrying amounts of assets and liabilities may become necessary within the next financial year are outlined below. The Group's assumptions and estimates are based on parameters which were available at the time of preparation of the consolidated financial statements. However, these circumstances and the assumptions regarding future developments may change due to market movements and market conditions outside the Group's influence. Such changes will only be factored into the assumptions once they have occurred.

In the consolidated financial statements, significant estimates and assumptions were made in the following areas that may lead to significant changes in the next financial year:

Impairment of non-financial assets including goodwill

Impairment is recognized where the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less selling costs and its value in use. The calculation of the fair value less selling costs is based on data available from binding sales transactions between independent business partners for similar assets or observable market prices less directly allocable costs for the sale of the asset. The discounted cash flow method is applied for calculation of the value in use. The amount and timing of future cash flows are estimated on the basis of the financial plan for the next one to three years, but without including significant future investments which will increase the earnings power of the tested cash-generating unit. The recoverable amount depends on the discount rate used within the scope of the discounted cash flow method and on the expected future cash inflows and the growth rate used for extrapolation purposes. If the future cash flows actually expected are lower than previously estimated, this may result in a significant impairment. The underlying assumptions for determination of the recoverable amount for the various cash-generating units – including a sensitivity analysis – are set out in further detail in **Item V.2. in the Notes**.

Business combinations

A useful life of ten years has been assumed for the customer base of CUK Group. This corresponds to the best estimate of C-QUADRAT's Management Board as of the balance sheet date. CUK Group has many strategic and long-term partners. In addition, since its establishment CUK Group has looked after several major family offices as clients. They are also seen as long-term partners, not least due to the strong personal relationships with their management teams. It has never lost a family office client.

The underlying assumptions for determination of the recoverable amount for the various cash-generating units – including a sensitivity analysis – are set out in further detail in **Item V.2. in the Notes**.

Segment reporting

For the Group's main products and services, revenue from continuing operations has been analyzed on the basis of the Management Board's best estimate and the legal entities' relationship with customers. Please see **Item IV**.

Taxes

Deferred tax assets are recognized for unused tax losses carried forward to the extent that it is likely that taxable income will be available against which these losses carried forward can be used. Determination of the deferred tax assets which may be capitalized requires a material discretionary assessment by the management as to the expected timing and amount of future taxable income as well as future tax planning strategies.

The Group's tax loss carryforwards amount to EUR 280 thousand (2015: EUR 0 thousand). Further details may be found in **Item IV.10. of the Notes**. These apply for one subsidiary and may be offset against future taxable income. Accordingly, deferred tax assets have been recognized on tax loss carryforwards. Further details of taxes may be found in **Item IV.10. of the Notes**.

Measurement of the fair value of financial instruments

Insofar as it is not possible to measure the fair values of recognized financial assets and financial liabilities by means of prices quoted in active markets, they are determined by means of measurement methods including the discounted cash flow method. As far as possible, the input parameters included in the model are based on observable market data. If these data are not available, fair value measurement strongly depends on the management's discretion. Discretionary assessments relate to input parameters such as liquidity risk, default risk and volatility. Changes in the assumptions made in relation to these factors may affect the fair values recognized for the financial instruments. Please see **Item V.4. of the Notes** for further details.

Severance obligations

The costs of the defined-benefit severance plan are measured by means of actuarial procedures. The actuarial measurement is based on assumptions regarding discount rates, expected yields on assets, future salary trends, mortality and future increases in severance payments. For information regarding the assumptions, estimates and sensitivities which are used for calculation of long-term severance obligations and the related amounts, please see **Item V.10. of the Notes**. All assumptions are reviewed on each balance sheet date.

2.5. Summary of main accounting policies

General measurement methods

As a rule, the consolidated financial statements are prepared using the cost method, with the exception of financial assets measured at fair value in income. In general, historical acquisition costs are based on the fair value of the consideration provided in exchange for the asset.

Fair value is the price which would be received for the sale of an asset or paid for the transfer of a liability through an orderly transaction between market participants on the measurement date. This applies irrespective of whether this price is directly observable or has been estimated by means of a measurement method.

Measurement was carried out on a going concern basis.

The consolidated financial statements were prepared using the following accounting policies.

Foreign currency translation

The consolidated financial statements are prepared in euros, which is the functional and reporting currency of the Group. Each company within the Group specifies its own functional currency. Items included in the financial statements of the respective company are measured using this functional currency. Foreign currency transactions are converted into the functional currency at the spot rate applying on the date of transaction. Monetary assets and liabilities in a foreign currency are converted into the functional currency using the official middle rates applicable at each reporting date. All currency translation differences are recognized in income. Non-monetary items recognized at cost in a foreign currency are converted using the rate applicable on the transaction date. Non-monetary items carried at fair value that are denominated in a foreign currency are reported using the exchange rate applicable when the fair value was determined. Any goodwill resulting from the acquisition of a foreign operation and any adjustments on a fair value basis to the carrying amount of assets and liabilities

resulting from the acquisition of this foreign operation are recognized as assets and liabilities of the foreign operation and translated using the rate applicable on the closing date.

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date. Income and expenses have been translated at the average rate. The translation differences arising within the framework of consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

Currency translation was based on the following exchange rates:

in EUR	Closing rate on		Average rate for the year	
	12/31/2016	12/31/2015	2016	2015
CHF	0.931	0.924	0.927	0.877
USD	0.949	0.915	0.932	0.869
HUF	0.00323	0.00320	0.00321	0.00319
GBP	1.168	1.356	1.219	1.322
KYD	1.14516	1.07042	1.11980	1.0277
AMD	0.00196	0.00189	0.00193	0.00181

Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and accumulated impairment. Systematic straight-line depreciation is based on the estimated useful life of the respective assets. Property, plant and equipment are depreciated over a period of three to ten years.

The cost of major servicing is recognized in the carrying amount of the respective item of property, plant or equipment, provided that the criteria for recognition are met. All other servicing and maintenance costs are immediately recognized in income.

An item of property, plant or equipment is derecognized either on disposal or when no economic benefit is expected from further use or sale of the asset. The gain or loss resulting from disposal of the asset is calculated as the difference between the net sales proceeds and the carrying amount of the asset, and is recognized in income for the period in which the asset is derecognized.

Residual values, useful lives and amortization methods are reviewed at the end of each financial year and adjusted if necessary.

Leases

Whether an agreement contains a lease is determined from the substance of the agreement on the date it was concluded and requires an assessment of the question of whether fulfillment of the agreement is dependent on the use of a particular asset and whether the agreement grants a right to use the asset, even if this right is not expressly stipulated in the agreement.

A lease is classified as of the conclusion of the agreement. Assets transferred to the C-QUADRAT Group under lease or tenancy agreements are treated as leased on an operating basis and are assigned to the lessor. Operating lease payments are expensed on a straight-line basis over the lease term.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The purchase costs of a business combination are calculated as the total consideration paid, measured at the fair value on the acquisition date and the non-controlling interests in the acquired company. Upon each business combination, the acquirer recognizes the non-controlling interests in the acquired company either at fair value or at the corresponding portion of the identifiable net assets of the acquired company, measured at fair value. Costs incurred within the scope of the business combination are recognized as expense and reported as administrative costs.

When the Group acquires a company, it evaluates the suitable classification and designation of the financial assets and liabilities in accordance with the contract conditions, economic circumstances and the prevailing conditions on the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of net assets acquired exceeds the aggregate consideration transferred, the Group will newly assess whether it has correctly identified all assets acquired and liabilities assumed and will review the procedures for calculation of the amounts reportable as of the date of acquisition. If the fair value of the net assets acquired continues to exceed the aggregate consideration transferred even after remeasurement, the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the business combination. This rule applies regardless of whether other assets or liabilities of the acquired company are allocated to these cash-generating units.

If goodwill has been allocated to a cash-generating unit and operations of this unit are sold, the goodwill attributable to the operations sold is recognized as a component of the carrying amount of the operations when calculating the gain or loss on the sale of the operations. The value of that part of goodwill which has been sold is calculated on the basis of the relative values of the sold operations and of the remaining part of the cash-generating unit.

Measurement of fair value

The Group measures certain financial instruments at fair value on each balance sheet date. The fair values of financial instruments measured at amortized cost are listed in ***Item V.4. of the Notes***.

Fair value is the price which would be received for the sale of an asset or paid for the transfer of a liability through an orderly transaction between market participants on the measurement date. For measurement of fair value, the transaction involving the sale of the asset or the transfer of the liability is assumed to have occurred on either the

- principal market for the asset or the liability or the
- most advantageous market for the asset or the liability, if no principal market is available.

The Group must have access to the principal market or to the most advantageous market.

The fair value of an asset or a liability is determined according to the assumptions upon which market participants would base their pricing of this asset or liability. The market participants are thereby presumed to have acted according to their best economic interests.

Measurement of the fair value of a non-financial asset considers the ability of the market participant to realize economic benefit through maximum and optimal utilization of this asset or through its sale to another market participant who will realize its maximum and optimum utilization.

The Group applies measurement methods which are appropriate for the circumstances and for which sufficient data are available for measurement of fair value. Material, observable input factors will be used as much as possible and use of non-observable input factors will be minimized.

All assets and liabilities whose fair value is determined or reported in the financial statements will be classified according to the fair value hierarchy outlined below, on the basis of the input parameter for the lowest level which is significant, overall, for fair value measurement:

- Level 1 – (non-adjusted) prices quoted on active markets for identical assets or liabilities.
- Level 2 – measurement methods for which the input parameter for the lowest level which is significant, overall, for fair value measurement may be observed on the market either directly or indirectly.
- Level 3 – measurement methods for which the input parameter for the lowest level which is significant, overall, for fair value measurement may not be observed on the market.

In case of assets and liabilities which are recurrently recognized in financial statements, the Group determines whether these have been reclassified between the various levels of this hierarchy by verifying their classification at the end of each reporting period (on the basis of the input parameter for the lowest level which is significant, overall, for fair value measurement).

To comply with the disclosure requirements for fair values, the Group has specified groups of assets and liabilities according to their type, their characteristics and their risks and also the levels of the fair value hierarchy outlined above.

Intangible assets

Separately acquired intangible assets are initially recognized at cost. The cost of intangible assets acquired in business combinations corresponds to their acquisition-date fair value. Intangible assets are recognized in subsequent periods at cost less accumulated amortization and accumulated impairment losses.

A distinction is made between intangible assets with finite and infinite useful lives.

Intangible assets with a finite useful life are amortized over the period over which future economic benefits are received and tested for potential impairment if there are any indications that an intangible asset may be impaired. In the case of intangible assets with a finite useful life, the amortization period and the amortization method are reviewed at least at the end of each financial year. Any necessary changes in the amortization method and useful life are treated as changes in estimates. Amortization of intangible assets with finite useful lives is reported in the income statement under the "Depreciation and impairment" item.

Systematic straight-line depreciation is based on the estimated useful lives of the respective assets. Intangible assets are amortized over a period of three to ten years.

Intangible assets with infinite useful lives are tested for impairment at least annually, either individually or at the cash-generating unit level. These intangible assets are not subject to systematic depreciation. The assessment of infinite useful life for an intangible asset is reviewed annually to determine whether this assessment remains justified. If not, the change in useful life from infinite to finite is made on a prospective basis.

Gains or losses resulting from derecognition of intangible assets are calculated as the difference between the net sales proceeds and the carrying amount of the asset and are recognized in income in the period in which the asset is derecognized.

Investments in associates and joint ventures

An associate is a company over which the Group has significant influence. Significant influence is the possibility of playing a role in the financial and operational decisions of the investee but not control or joint management of decision-making processes.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations which result in the determination of significant influence or joint control are comparable with those required to determine control over subsidiaries.

The Group's investments in an associate or a joint venture are reported in accordance with the equity method, unless these investments are classified as available for sale in accordance with IFRS 5.

According to the equity method, investments in associates or joint ventures are to be recognized at cost in the consolidated balance sheet, adjusted in line with the changes in the Group's share of the profit or loss or the other comprehensive income of the associate or the joint venture following the date of its acquisition. Losses of an associate or a joint venture which exceed the Group's investment in this associate or joint venture are not recognized. They will only be recognized if the Group has entered into legal or constructive obligations to assume losses or if the Group makes payments in place of the associate or the joint venture.

An investment in a joint venture or an associate will be recognized according to the equity method from the date on which the preconditions for an associate or a joint venture are fulfilled. Any surplus for the costs of acquisition of the share acquired in the fair values of the identifiable assets, liabilities and contingent liabilities will be recognized as goodwill. Goodwill is a component of the carrying amount of the investment and will not be separately tested for impairment.

The income statement includes the Group's interest in the profit or loss for the period of the associate or joint venture. Changes in these investees' other comprehensive income are recognized in the Group's other comprehensive income. Moreover, changes recognized directly in the equity of the associate or joint venture are recognized by the Group in the amount of its share in the associate or joint venture and, where necessary, are reported in the statement of changes in equity. Non-realized profits and losses from transactions between the Group and the associate or joint venture are eliminated according to the interest held in the associate or joint venture.

The financial statements of the associate or the joint venture are prepared as of the same balance sheet date as the financial statements of the Group. Where necessary, adjustments are made in line with the Group's standard accounting policies.

Any surplus in the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities beyond the acquisition costs for the share acquired (negative difference) will be immediately recognized as profit following a reassessment.

The Group will cease to apply the equity method once its investment is no longer an associate or a joint venture or its investment is classifiable as held for sale in accordance with IFRS 5. If the Group retains a share in the previous associate or joint venture and this share represents a financial asset within the meaning of IAS 39, it will be measured at fair value on initial recognition. The difference between the previous carrying amount of the associate or the joint venture as of termination of use of the equity method and the fair value of a retained share and any proceeds from the disposal of a portion of the shares in the associate or the joint venture will be taken into consideration in determining the disposal gain/loss. Moreover, the Group reports all amounts previously recognized in other comprehensive income for this associate or joint venture as though the associate or joint venture had directly sold these assets or liabilities. Accordingly, upon termination of use of the equity method the Group will reclassify from equity to the income statement any profit or loss which the associate or joint venture has previously recognized in other comprehensive income and which would be reclassified to the income statement at the sale of the assets or liabilities.

If the investment in an associate becomes an investment in a joint venture or vice versa, the Group will continue to apply the equity method and will not implement any remeasurement at the fair value on the basis of the change in the type of investment.

If the Group's proportionate interest in an associate or a joint venture changes but the Group continues to apply the equity method, the portion of the profit or loss previously recognized in other comprehensive income which is attributable to the reduction in the proportionate interest will be reclassified as earnings or expenditure if this profit or loss would have to be reclassified accordingly at the sale of the related assets and liabilities.

In the event that a Group company enters into business relationships with an associate or a joint venture of the Group, profits and losses will be eliminated in proportion to the Group's investment in the respective associate or joint venture.

Impairment of non-financial assets

The following Notes provide further details on the impairment of non-financial assets:

- For details of main assumptions, see **Item 1.2.4.**
- Property, plant and equipment, see **Item V.1.**
- Intangible assets, see **Item V.1.**
- Goodwill and intangible assets with infinite useful lives, see **Item V.2.**

At each balance sheet date, the Group assesses whether there are any indications that an asset may be impaired. If such indications exist, or when annual impairment testing for an asset is required, the Group estimates the recoverable amount for the respective asset. The recoverable amount for an asset or a cash-generating unit is the higher of its fair value, less cost to sell, and its value in use. The recoverable amount must be determined for each individual asset, unless an asset does not generate any cash flows that are largely independent of those of other assets or groups of assets. If the carrying amount of an asset exceeds the amount recoverable for it, the asset is considered to be impaired and must be amortized to the amount recoverable for it. To determine an asset's value in use, the estimated future cash flows are discounted to their present value by applying a pre-tax discount rate that reflects current market expectations regarding the interest rate effect and the specific risks associated with the asset. Recent market transactions are considered for the calculation of fair value less selling costs. If no such transactions are identifiable, an

appropriate measurement model will be applied. This model is based on measurement multipliers or other available indicators of the fair value.

The Group bases its impairment assessment on detailed budget and forecast calculations which are produced separately for each of the Group's cash-generating units to which individual assets are allocated. Such budget and forecast calculations normally cover a period of between one and three years. For longer periods, a long-term growth rate is determined and applied for the forecast of future cash flows after the first and third year.

Impairment is recognized in income in the expense categories corresponding to the function of the respective impaired asset within the company.

For assets other than goodwill, a review is conducted at each balance sheet date to determine whether there are any indications that a previously recognized impairment loss no longer exists or has been reduced. If any such indications exist, the Group estimates the recoverable amount of the asset. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognized. In that case, the carrying amount of the asset is increased to the amount recoverable for it. However, this amount may not exceed the carrying amount of the asset less depreciation or amortization if no impairment losses in respect of the asset had been recognized in previous years. Any such reversals of impairment loss are recognized immediately in net income for the year.

For certain assets, the following criteria must also be taken into account:

Goodwill

Goodwill is tested for impairment at least once a year on December 31. An impairment test is also performed when events or circumstances indicate that the carrying amount of goodwill may have decreased. Impairment is determined by calculating the recoverable amount for the cash-generating unit (or group of cash-generating units) to which the goodwill was allocated. If the recoverable amount for the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill was allocated, an impairment loss is recognized. An impairment loss recognized for goodwill may not be reversed in subsequent periods.

Associates and joint ventures

After applying the equity method, the Group determines whether it is necessary to recognize an additional impairment loss for the Group's shares in associates and joint ventures. If an impairment test is necessary, the carrying amount of the investment (including goodwill) will be tested for impairment in accordance with the rules in IAS 36. For this purpose, the amount recoverable for the investment – i.e. the higher of the value in use and the fair value less selling costs – will be compared with the carrying amount of the investment. When determining the value in use of the investment, the Group estimates its share in the present value of the expected future cash flows that the associate or the joint venture as a whole is expected to realize. If the calculated share in the present value is lower than the carrying amount of the share, the difference between the amount recoverable for the share in the associate or the joint venture and the carrying amount of the share is recognized as an impairment loss in income. If the recoverable amount should once again increase in subsequent years, a reversal of the impairment loss will be recognized in accordance with IAS 36.

Classification as current/non-current

The Group classifies its balance-sheet assets and liabilities as current and non-current assets and liabilities. An asset will be classified as current if:

- this asset is expected to be realized within the normal business cycle or if this asset is held for sale or utilization within this period,
- this asset is primarily held for trading purposes,
- this asset is expected to be realized within twelve months of the balance sheet date or
- in case of cash and cash equivalents, unless the exchange or use of the asset in fulfillment of an obligation is restricted for a period of at least twelve months following the balance sheet date.

All other assets are classified as non-current. A liability will be classified as current if:

- this liability is expected to be fulfilled within the normal business cycle,
- this liability is primarily held for trading purposes,
- this liability is expected to be fulfilled within twelve months of the balance sheet date or
- the company does not have an unrestricted right to postpone fulfillment of the liability for at least twelve months following the balance sheet date.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Financial assets

Please see *Item V.4* for further details.

A financial instrument is a contract which simultaneously establishes a financial asset for one company and a financial liability or equity instrument for the other company.

Initial recognition and measurement

Financial assets are classified on their initial recognition as financial assets measured at fair value in income, as loans and receivables, as held-to-maturity investments or as available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition. Any reclassifications, to the extent that they are permissible and appear necessary, are performed at the end of each financial year.

All financial assets are measured at fair value when initially recognized. In the case of financial assets that are not recognized at fair value in income, transaction costs that are attributable to acquisition of the financial asset are also taken into account.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Remeasurement

Financial assets measured at fair value in income

Financial assets measured at fair value in income include financial assets held for trading and financial assets designated upon initial measurement at fair value in income. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets measured at fair value in income are carried in the balance sheet at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

The Group evaluates its financial assets held for trading to determine whether the intention to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value in income using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

As a rule, this category comprises current financial assets. Please see Item V.4. for further information on receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortized cost using the effective interest-rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortization is included as finance income in the income statement. The losses arising from impairment are recognized in the income statement under the finance costs.

The Group did not have any held-to-maturity investments in the financial years from January 1 to December 31, 2016 and January 1 to December 31, 2015.

Loans and receivables

Loans and receivables, including receivables from customers, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any reductions for impairment. Amortized cost is calculated by taking account of all discounts and premiums on acquisition, and contains all charges forming an integral part of the effective interest rate and transaction costs. The EIR amortization is included as finance income in the income statement. The losses arising from impairment are recognized in the income statement under the finance costs for loans and under the cost of sales or other operating expenses for receivables.

As a rule, this category comprises receivables from customers and other assets. Please see [Item V.5](#) for further information on receivables.

Available-for-sale financial assets

Available-for-sale financial assets include equity investments and debt securities. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value in income. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

Following initial measurement, financial assets held for sale are measured at fair value in subsequent periods. Unrealized gains or losses are recognized as other comprehensive income, in the reserve for available-for-sale financial assets. If such an asset is derecognized, the cumulative profit or loss is reclassified to other operating income. If an asset is impaired, the cumulative loss is reclassified to finance costs in the income statement and derecognized from the reserve for available-for-sale financial assets. Interest earned whilst holding available-for-sale financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized directly in equity is amortized in income over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded directly in equity is reclassified to the income statement.

Derecognition

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognized if one of the following conditions is met:

- The contractual rights to the cash flows from a financial asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement in compliance with IAS 39.19; and either
 - the Group has transferred substantially all the risks and rewards of the asset, or
 - the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The following Notes provide further details on the impairment of financial assets:

- For details of main assumptions, see *Item 1.2.4*.
- Financial assets, see *Items V.4. and IV. 8. and 9.*
- Receivables from customers, see *Item V.5.*

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of a determined impairment loss is measured as the difference between the asset's carrying amount and the present value of expected future cash flows (excluding expected future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an asset or a group of assets is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in income – is removed from other comprehensive income and recognized in income. Impairment losses on equity investments are not reversed in income; increases in their fair value after impairment are recognized directly in other comprehensive income.

A "significant" or "prolonged" decline is assessed on the basis of a discretionary decision. Within the scope of this discretionary decision, besides other factors the Group assesses for how long, and by how much, the fair value of an investment falls short of its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in income, the impairment loss is reversed in income.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified on initial recognition either as financial liabilities measured at fair value in income or as loans or liabilities. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities comprise liabilities to customers, other liabilities and liabilities to banks.

Remeasurement

Financial liabilities measured at fair value in income

Financial liabilities measured at fair value in income include financial assets held for trading as well as other financial liabilities classified on initial recognition as financial liabilities measured at fair value in income.

Financial liabilities are classified as held for trading when they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains and losses from financial liabilities held for trading are recognized in income.

Financial liabilities designated upon initial recognition at fair value in income are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not classified any financial liabilities as being measured at fair value in income.

Loans

After initial recognition, interest-bearing loans are measured at amortized cost using the effective interest method. Gains and losses are recognized in income when the liabilities are derecognized and when amortized by means of the effective interest method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the income statement.

As a rule, this category comprises interest-bearing loans. Please see *Item V.4.* for further information.

Liabilities to customers and other liabilities

Liabilities to customers and other liabilities are measured on initial recognition at their fair value less transaction costs. After initial recognition, other liabilities are measured at amortized cost using the effective interest method. Gains and losses are recognized in income when the investments are derecognized and when amortized.

As a rule, this category comprises interest-bearing loans. Please see *Item V.4.* for further information.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation on which the liability is based is discharged or terminated or has expired. If an existing financial liability is replaced by another financial liability from the same lender under substantially different terms, or if the terms of an existing liability are substantially amended, such an exchange or such an amendment is treated as derecognition of the original liability and recognition of a new liability. The difference between the respective carrying amounts is recognized in income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognized amounts and if there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge exchange-rate risks. These derivative financial instruments are recognized at their fair value as of conclusion of the contract in question and are remeasured at their fair value in subsequent periods. Derivative financial instruments are recognized as financial assets in case of a positive fair value and as financial liabilities in case of a negative fair value. Profits or losses resulting from changes in the fair value of derivatives are immediately recognized in income.

As a rule, this category comprises forward foreign exchange contracts. Please see [Item V.4.](#) for further information.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet include cash on hand, bank balances and current investments with a remaining term of up to three months from the acquisition date. In the consolidated statement of cash flows, funds are classified according to the above definition.

Provisions

Provisions are recognized when the Group has a present (legal or factual) obligation arising from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the Group expects at least partial reimbursement for an accrued provision (as in the case of an insurance policy, for example), the reimbursement is recognized as a separate asset if it is virtually certain that the reimbursement will be received. The expense relating to formation of the provision is presented in the income statement net of the amount recognized for reimbursement. If the discounting gives rise to a significant interest rate effect, provisions are discounted at a pre-tax rate that reflects the risks specific to the liability, if this is considered necessary on a case-by-case basis. In the event of discounting, the increase in provisions determined by the passage of time is recognized as finance costs.

Employee benefits

Severance obligations

Provisions for severance obligations are calculated in accordance with IAS 19 using the projected unit credit method. Future obligations are measured on the basis of actuarial expertise. Actuarial gains and losses are recognized immediately and in full in other comprehensive income. Not only those obligations which are known at the balance sheet date are taken into account, but also any increases that may be expected in the future.

Under Austrian law, severance payments are once-only settlements that must be paid in accordance with employment law when employees are laid off by the employer, and generally when employees enter retirement. The volume of severance payments is based on the final salary and the number of years' service. For employees who joined the Group up to and including 2002, the company therefore has direct obligations for which provisions must be formed in accordance with IAS 19. As in the previous year, due to the fact that severance obligations apply only to a small number of employees who have been employed by the C-QUADRAT Group for many years, no staff fluctuation deduction was made. The calculation is performed using the *AVÖ 2008 P* mortality tables prepared by the Austrian Actuaries Association (*Aktuarvereinigung Österreichs, AVÖ*) for salaried employees (2015: *AVÖ 2008 P* tables for salaried employees).

In addition to defined benefit, there is also a defined contribution plan for employees in Austria who joined a company after January 1, 2003. A statutory amount equal to 1.53% (2015: 1.53%) of gross salary must be paid into a company pension fund and is recognized as statutory personnel expenses. As a consequence, no provisions need be formed for these employees.

Recognition of revenue and expense

Revenue is recognized when it is probable that the economic benefit will flow to the Group and the amount of income can be reliably measured, irrespective of the date of payment. Revenue is measured at the fair value of the consideration received or receivable, with consideration of contractually specified payment terms but excluding taxes or other levies. The Group has determined that it is the client in all of its sales transactions since it is the principal obligor for all sales transactions, has scope in regard to pricing and bears the inventory and credit risk.

The following criteria must also be met before revenue can be recognized:

Fee and commission revenue

Fee and commission revenue comprises the revenue received for rendering services in the securities and fund management field. This is recognized when the respective service is rendered. Management fees are charged for managing external assets for a specified period and are deferred accordingly. The performance fee is dependent on the appreciation in value of the assets under management and is generally dependent on the value of assets reaching certain thresholds. These fees are therefore recognized when the respective value thresholds are reached. Up-front fees are charged for brokerage services and are recognized when the respective service has been performed. Trail fees are payable for brokerage mandates, as long as these are maintained. For that reason, they are deferred according to the period in which they arise. Revenue from premiums refer to the sales charges payable when purchasing shares in investment funds and are deferred according to the period in which they arise. Fee and commission expenses are recognized in the respective period in which they are incurred.

Interest and dividend revenue

Interest is recognized in the statement of comprehensive income as part of finance income in the period of its accrual. Dividends are recognized when the right to payment is established. In principle, recognition occurs as of the date on which the shareholders resolve the dividend.

Taxes

Actual taxes on income

Current income tax assets and liabilities for current and prior periods are measured at the amounts that are expected to be recovered from or paid to the respective tax authorities. These amounts are calculated on the basis of the taxation rates and tax laws applicable at the balance sheet date in the countries in which the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation. Tax provisions are established as necessary.

Deferred taxes

Deferred taxes are formed by applying the liabilities method to temporary differences at the balance sheet date between the recognized carrying amount of an asset or liability in the balance sheet and its tax base.

Deferred tax liabilities are recognized for all taxable temporary differences, with the exception of:

- the deferred tax liabilities resulting from initial recognition of goodwill or of an asset or liability in respect of a business transaction that is not a business combination and which has no impact at the transaction date either on the net income for the year under corporate law or on the taxable income, and
- the deferred tax liabilities resulting from taxable temporary differences relating to investments in subsidiaries, associates and shares in joint ventures, if the timing of the reversal of temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, unused tax loss carryforwards and unused tax credit to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the unused tax loss carryforwards and tax credits can be used, with the exception of:

- deferred tax assets resulting from deductible temporary differences arising from the initial recognition of goodwill or of a liability in respect of a business transaction that is not a business combination and which has no impact at the transaction date either on the net income for the year under corporate law or on the taxable income, and
- deferred tax assets resulting from deductible temporary differences relating to investments in subsidiaries, associates and shares in joint ventures, if it is probable that the temporary differences will not be reversed in the foreseeable future and insufficient taxable income will be available against which the temporary differences can be used.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer likely that sufficient taxable income will be available against which the deferred tax assets can be used at least in part. Unrecognized deferred tax assets are reviewed at each balance sheet date and recognized to the extent that it has become likely that future taxable income will allow realization of the deferred tax assets. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply for the period in which an asset is realized or a liability is settled, based on tax rates (and tax laws) that have been enacted as of the balance sheet date. Future changes in tax rates are taken into account if substantive conditions for enactment have been fulfilled as of the balance sheet date within the scope of legislation.

Deferred taxes relating to items that are recognized directly in other comprehensive income are not recognized in the income statement, but in other comprehensive income; tax effects resulting from owner transactions are recognized directly in equity.

Deferred tax assets and deferred tax liabilities are offset against each other if the Group has a legally enforceable right to offset actual tax credits against actual tax debts, and these relate to taxes on income for the same taxable entity and levied by the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances changed. The adjustment is either treated as a reduction to goodwill (as

long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss for the period.

Value added tax

Revenue, expenses and assets are recognized after deduction of value added tax, except in the following cases:

- when the input tax on purchases of assets or services cannot be reclaimed from the tax authority, the input tax is recognized as part of the asset cost or as part of the expenditure.
- when receivables and liabilities are recognized inclusive of value added tax.

The amount of value added tax refunded by or paid to the tax authority is recognized in the consolidated financial statements under receivables or liabilities, respectively.

Dividends

The company recognizes a liability to distribute cash dividends to holders of ordinary shares of the parent company if the distribution has been approved and is no longer subject to the company's discretion. Under Austrian company law, a distribution is considered to have been approved once it has been resolved by the shareholders. The corresponding amount will be recognized directly in equity.

III. SCOPE OF CONSOLIDATION

1. Changes in the scope of consolidation

In addition to C-QUADRAT Investment AG, the consolidated financial statements of the C-QUADRAT Group include a total of fourteen fully consolidated subsidiaries (December 31, 2015: 12) and two companies accounted for at equity (December 31, 2015: 3).

C-QUADRAT Investment AG (parent company)	1
Fully consolidated subsidiaries	14
Investments accounted for at equity	2
Total	17

The scope of consolidation developed as follows:

As of 1/1/2015	14
<i>of which foreign companies</i>	10
<i>In the 2015 financial year: addition of fully consolidated investments</i>	2
<i>In the 2015 financial year: addition or disposal of investments accounted for at equity</i>	0
As of 12/31/2015	16
<i>of which foreign companies</i>	12
<i>In the 2016 financial year: addition of fully consolidated investments</i>	2
<i>In the 2016 financial year: addition or disposal of investments accounted for at equity</i>	-1
As of 12/31/2016	17
<i>of which foreign companies</i>	13

Changes in the scope of consolidation in 2016

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. Since 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 126 thousand. Please see ***Items IV.9.*** and ***V.3. of the Notes*** for further details.

On October 14, 2016, the company C-QUADRAT US Real Estate LLC was established in Delaware, USA, with a share capital of USD 1 thousand. It is wholly owned by C-QUADRAT Investment AG. The company will be fully consolidated from December 31, 2016.

Changes in the scope of consolidation in 2015

The following subsidiaries were renamed in 2015:

To 12/31/2014	From 1/1/2015
BCM Luxembourg SA	C-QUADRAT Luxembourg SA
BCM UK Ltd.	C-QUADRAT UK Ltd.
BCM Bluestar Ltd	C-QUADRAT Bluestar Ltd.
BCM & Partners LLP	C-QUADRAT Asset Management (UK) LLP
To 2/28/2015	From 3/1/2015
Absolute Portfolio Management GmbH	C-QUADRAT Asset Management GmbH

Moreover on April 27, 2015 the Group's new company C-QUADRAT Advisors SL, Madrid, Spain, was established with share capital of EUR 30 thousand. The company is wholly owned by C-QUADRAT Luxembourg SA, Luxembourg. The company will be fully consolidated from the date of its establishment.

Moreover on November 2, 2015 the Group's new company C-QUADRAT Norway AS, Oslo, Norway, was established with share capital of NOK 30,000. The company is wholly owned by C-QUADRAT Luxembourg SA. The company will be fully consolidated from the date of its establishment.

2. Subsidiaries with significant non-controlling interests

The financial information concerning subsidiaries with significant non-controlling interests is as follows on December 31, 2015 and December 31, 2016:

2016

Company	Registered office	Main activity	Share capital	Currency	Shareholding	Non-controlling interests	Type of consolidation
C-QUADRAT Asset Management GmbH	Vienna	Asset Management	125,000	EUR	74.90%	25.10%	FC
C-QUADRAT Ampega Asset Management Armenia LLC	AM-Yerevan	Asset Management	650,000,000	AMD	74.90%	25.10%	FC

2015

Company	Registered office	Main activity	Share capital	Currency	Shareholding	Non-controlling interests	Type of consolidation
C-QUADRAT Asset Management GmbH	Vienna	Asset Management	125,000	EUR	74.90%	25.10%	FC
C-QUADRAT Ampega Asset Management Armenia LLC	AM-Yerevan	Asset Management	650,000,000	AMD	74.90%	25.10%	FC

The following tables provide details of the Group's non-controlling interests:

Cumulative balance for non-controlling interests:

	12/31/2016 € '000	12/31/2015 € '000
C-QUADRAT Asset Management GmbH	452	612
C-QUADRAT Ampega Asset Management Armenia LLC	250	217
	702	829

Net profit/loss for the year attributable to cumulative non-controlling interests:

	12/31/2016	12/31/2015
	€ '000	€ '000
C-QUADRAT Asset Management GmbH	711	690
C-QUADRAT Ampega Asset Management Armenia LLC	34	-7
	745	683

The following table contains summarized financial information concerning C-QUADRAT Asset Management GmbH, the Group's subsidiary in which it has significant non-controlling interests.

This summarized financial information represents the amounts prior to intragroup eliminations:

	12/31/2016	12/31/2015
	€ '000	€ '000
Share of balance sheet total		
Current assets	3,313	4,372
Non-current assets	449	507
Current liabilities	-941	-1,419
Non-current liabilities	0	0
Total	2,822	3,461
Share of equity attributable to the shareholders of the parent company	2,370	2,849
Non-controlling shareholders	452	612
Share of revenues and profit		
Revenue	6,617	6,465
Expenses	-4,958	-4,166
Net income for the year	1,659	2,299
Share of net income for the year attributable to the shareholders of the parent company	948	1,608
Net income for the year attributable to the non-controlling shareholders	711	691
Other comprehensive income attributable to the shareholders of the parent company	0	0
Other comprehensive income attributable to the non-controlling shareholders	0	0
Total other comprehensive income	0	0
Total comprehensive income attributable to the shareholders of the parent company	948	1,608
Total comprehensive income attributable to the non-controlling shareholders	711	691
Total comprehensive income	1,659	2,299

Dividends paid to non-controlling shareholders	-871	-850
Net cash flows from operating activities	1,140	2,922
Net cash flows from investing activities	-18	-10
Net cash flows from financing activities	-2,292	-2,269
Total net cash flows	-1,170	643
Reconciliation of the summarized financial information presented and the carrying amount of the investment in the consolidated financial statements	€ '000	€ '000
Net assets	2,822	3,461
Proportionate interest of non-controlling interests	25.1%	25.1%
Goodwill	0	0
Other adjustments	-257	-257
Carrying amount of non-controlling interests	452	612

The other adjustments relate to a distribution proviso agreed in the shareholders' agreement of C-QUADRAT Asset Management GmbH (previously "Absolute Portfolio Management GmbH") for the benefit of C-QUADRAT Investment AG, relating to the reserves reported in the financial statements as of December 31, 2012.

IV. NOTES TO THE INCOME STATEMENT

1. Fee and commission income and expenses

Fee and commission income relates to income from asset management on behalf of third parties.

	2016 € '000	2015 € '000
Management fees	38,117	47,843
Performance fees	1,948	31,150
Other fees	3,771	4,300
Total	43,835	83,293

The assets under management of the C-QUADRAT Group increased by 11.8% to EUR 6,042 million in 2016 (December 31, 2015: EUR 5,406 million). Management fees amounted to EUR 38,117 thousand (2015: EUR 47,843 thousand).

At C-QUADRAT Kapitalanlage AG – which is responsible for many of the management fees – calculation and settlement of 1st-line commission entitlements (depositories, banks, platforms) has been taken over by external management companies. At the start of the 4th quarter of 2015, some funds were transferred to a management company. At the beginning of the 1st quarter of 2016, the remaining funds were transferred to a second management company. Since C-QUADRAT Kapitalanlage AG only receives the residual amount from the external management companies as fee and commission income, following settlement of the 1st line, the fee and commission income and expenses shown in the company's income

statement are lower than they would have been if the company had settled up the 1st line itself.

Due to the difficult and volatile market situation, performance-related management fees were only generated in the amount of EUR 1,948 thousand in 2016 (2015: EUR 31,150 thousand).

Fee and commission expenses

	2016 € '000	2015 € '000
Management fees	19,956	28,649
Performance fees	153	13,686
Other fees	1,076	1,084
Total	21,184	43,419

2. Other operating income

	2016 € '000	2015 € '000
Client magazine	45	64
Passed-on expenses	68	109
Rental income	95	94
Advisory revenue	39	20
Miscellaneous	232	233
Total	479	520

In the other operating income position, the "Miscellaneous" item includes income from sales of assets in the amount of EUR 10 thousand (2015: income from sales of assets in the amount of EUR 144 thousand).

3. Personnel expenses

	2016 € '000	2015 € '000
Wages and salaries	8,786	9,234
Statutory social insurance contributions	1,490	1,621
Miscellaneous	273	228
Total	10,549	11,083

Personnel expenses include approx. EUR 683 thousand (2015: EUR 778 thousand) in employer contributions to statutory pension insurance and EUR 75 thousand (2015: EUR 69 thousand) in contributions to the company pension fund. This also includes an amount of EUR -16 thousand (2015: EUR -21 thousand) for past service costs for severance provisions. Please see *Item V.10. of the Notes* for further details.

4. Other administrative expenses

Other administrative expenses consist of the following operating expenses:

	2016	2015
	€ '000	€ '000
Rental expenses	716	765
Advertising expenses	1,610	1,904
Legal and consultancy fees	1,648	1,079
Cost allocation	499	546
IT expenses	1,180	1,438
Other office and premises expenses	581	518
Fees and levies	584	837
Travel expenses	619	617
Vehicle expenses	237	273
Company insurance	173	148
Leasing expenses	56	34
Personnel recruitment	202	12
Miscellaneous	500	615
Total	8,603	8,786

The legal and consultancy fees also include the expenses for the auditor of the consolidated financial statements. The total expenses incurred in the 2016 financial year for the C-QUADRAT Group amount to EUR 137 thousand (2015: EUR 130 thousand) for the audit of the consolidated financial statements and the separate financial statements, EUR 0 thousand (2015: EUR 0 thousand) for other auditing services, EUR 5 thousand (2015: EUR 1 thousand) for tax consultancy services and EUR 41 thousand (2015: EUR 10 thousand) for other services.

5. Other operating expenses

	2016	2015
	€ '000	€ '000
Non-deductible input tax	744	794
Losses on sales of assets	1	11
Miscellaneous	2	3
Total	746	808

6. Depreciation and amortization

In the 2016 financial year, as in the previous year reported depreciation and amortization exclusively relates to systematic amortization of intangible assets and depreciation of property, plant and equipment. Please see [Item V.1. of the Notes](#) for further details.

7. 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](#).

8. Financial income

	2016 € '000	2015 € '000
Loans and receivables	182	171
Net profits from the sale of financial assets recognized directly in equity and measured at fair value	0	148
Net profits from the sale of associates	38	0
Financial assets measured at fair value in income	0	17
Total	220	336

Financial income from loans and receivables relates solely to interest income from bank balances and to other interest income. Financial income from financial assets measured at fair value in income includes changes in value in the amount of EUR 0 thousand (2015: EUR 17 thousand). Financial income from the sale of associates includes the net profit of EUR 38 thousand (2015: EUR 0 thousand) from the sale of the 41.006% interest in the share capital of QC Partners GmbH, Frankfurt am Main, Germany. Please see [Item IV.3. of the Notes](#) for further details.

9. Finance costs

	2016 € '000	2015 € '000
Interest from liabilities to banks	0	53
Impairment loss on available-for-sale financial assets measured at fair value	19	0
Financial assets measured at fair value in income	516	82
Other	65	41
Total	600	176

The interest on liabilities to banks results from interest charged on liabilities classified as other liabilities. Finance costs from financial assets measured at fair value in income include losses from their sale in the amount of EUR 0 thousand (2015: EUR 82 thousand) and losses from changes in value in the amount of EUR 516 thousand (2015: EUR 0 thousand). This also includes an impairment loss on available-for-sale financial assets measured at fair value, in the amount of EUR 19 thousand (2015: EUR 0 thousand).

10. Income taxes

The key components of income tax expense for the financial years 2016 and 2015 are as follows.

Consolidated income statement	2016 € '000	2015 € '000
Actual income tax expense	-1,004	-4,839
Deferred taxes on income from temporary differences	357	241
Income tax expense recognized in profit or loss	-647	-4,598

Taxes on income resulting from continuing operations which have been recognized in other comprehensive income have the following makeup:

Statement of comprehensive income	2016 € '000	2015 € '000
Deferred taxes on income resulting from items directly recognized in other comprehensive income during the financial year:		
Net profit/loss from financial assets held for sale	- 4	4
Net profit/loss from actuarial gains and losses	1	1
Reclassification amounts recognized in the income statement	0	0
Taxes on income not affecting the income statement	-3	5

The difference between the Austrian corporation tax rate of 25% and the Group tax rate as disclosed is accounted for as follows for the 2015 and 2016 financial years:

	2016 € '000	2015 € '000
Net profit or loss before taxes on income for the continued operation	3,909	25,330
Expense for taxes on income at a tax rate of 25% (2015: 25%)	-977	-6,332
Deviating foreign tax rates	2	-8
Interest in profit/loss of associates and joint ventures (tax-free income)	757	1,859
Other non-tax-deductible expenses	-429	-117
Income tax expense recognized in profit or loss	-647	-4,598
Income tax expense attributable to discontinued operation	0	0
Effective tax burden	-647	-4,598
Effective tax rate in %	16.36%	18.15%

The “other non-tax-deductible expenses” item comprises expenses which are not tax-deductible due to local tax legislation.

The effective tax rate in the reporting year is 16.36% (2015: 18.15%).

C-QUADRAT Investment AG functions as the group parent of a tax group within the meaning of Section 9 (8) of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz, KStG*). The members of the group are C-QUADRAT Kapitalanlage AG and C-QUADRAT Asset Management GmbH.

Deferred tax assets and liabilities

Deferred taxes as of December 31, 2016 and December 31, 2015 have the following makeup:

€ '000	Consolidated balance sheet		Consolidated income statement	
	2016	2015	2016	2015
Higher tax depreciation	-1,698	-2,065	357	246
Remeasurement of available-for-sale financial assets at fair value	0	4	-4	0
Severance payments	0	7	1	-5
Deferred tax expense/income			354	241
Deferred tax liability, net	-1,698	-2,052		
Recognized in the balance sheet as follows:				
Deferred tax assets from continuing operations	224	265		
Deferred tax liabilities from continuing operations	-1,922	-2,317		
Deferred tax assets from discontinued operations	0	0		
Deferred tax liabilities from discontinued operations	0	0		
Deferred tax liability, net	-1,698	-2,052		
Reconciliation of deferred tax liability, net				
As of Jan. 1			-2,052	-2,299
Tax income/expense recognized in profit/loss in the period under review			357	241
Tax income/expense recognized in other comprehensive income in the period under review			-3	5
Discontinued operation			0	0
As of Dec. 31			-1,698	-2,052

Tax losses in the amount of EUR 280 thousand (2015: EUR 0 thousand) have arisen in Armenia. These tax losses may be offset to an unlimited extent against the future taxable earnings of the companies which have incurred these losses.

Deferred tax assets have been recognized for these tax losses, since they may be offset against taxable earnings. The Group has capitalized deferred tax assets in the amount of EUR 56 thousand.

The Group's distribution of dividends to shareholders has not had any income tax consequences in either 2016 or 2015.

11. Earnings per share

No diluting effect has been taken into consideration for the calculation of earnings per share.

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

	2016	2015
Weighted average number of ordinary shares	4,363,200	4,363,200

Please see *Item V.8. of the Notes* for further details of the changes in the number of ordinary shares.

12. 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 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

No grouping of operating segments has occurred in order to establish the above operating segments subject to mandatory reporting.

The development of the segments is determined on the basis of the net profit for the year and is assessed in conjunction with the operating profit reported in the consolidated financial statements. Transactions between the segments mainly involve fee and commission revenue and expenses, as well as passed-on expenses. These are charged as pro rata costs, plus a normal market profit margin. The segment earnings presented refer to the pre-tax net income for the year after deduction of non-controlling interests.

The “Consolidation” column in the table below shows the effects of intercompany elimination, as well as income and expenses relating to the Group level only.

Revenue resulting from transactions with other segments is eliminated for consolidation purposes. Investments relate to additions to property, plant and equipment and intangible assets.

Disclosures concerning segment fee and commission income and segment earnings

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

Reporting year 2016

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000	Austria	Other countries	€ '000	€ '000
			€ '000		
Fee and commission income	80	38,646	6,756	-1,647	43,835
<i>From external customers</i>	80	36,999	6,756	0	43,835
<i>Intersegment income</i>	0	1,647	0	-1,647	0
Fee and commission expenses	-44	-21,780	-944	1,584	-21,184
<i>Interest income</i>	40	31	103	0	174
<i>Interest expenses</i>	0	0	0	0	0
<i>Systematic depreciation and amortization</i>	-324	-195	-1,454	0	-1,973
<i>Net income from associates and joint ventures</i>	3,029	0	0	0	3,029
<i>Income tax expense/income</i>	467	-1,582	468	0	-647
Pre-tax segment earnings	-82	7,136	-3,145	0	3,909

Reporting year 2015

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000	Austria	Other countries	€ '000	€ '000
			€ '000		
Fee and commission income	214	76,891	9,213	-3,025	83,293
<i>From external customers</i>	214	73,866	9,213	0	83,293
<i>Intersegment income</i>	0	3,025	0	-3,025	0
Fee and commission expenses	-108	-45,360	-976	3,025	-43,419
<i>Interest income</i>	33	89	49	0	171
<i>Interest expenses</i>	-58	0	0	5	-53
<i>Systematic depreciation and amortization</i>	-334	-204	-1,453	0	-1,991
<i>Net income from associates and joint ventures</i>	7,443	0	0	0	7,443
<i>Income tax expense/income</i>	446	-4,965	-79	0	-4,598
Pre-tax segment earnings	4,457	20,684	189	0	25,330

Disclosures concerning segment assets and liabilities

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

Reporting year 2016

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000	Austria	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

Reporting year 2015

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000	Austria	Other countries € '000	€ '000	€ '000
Segment assets	51,640	30,460	19,599	-30,248	71,451
Segment liabilities	4,989	11,281	4,143	-5,246	15,167

Other segment information

Reporting year 2016

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000 / number	Austria € '000 / number	Other countries € '000 / number	€ '000 / number	€ '000 / number
Investments in associates and joint ventures	8,181	0	0	0	8,181
Additions to non-current assets	101	64	178	0	343
Employees	9	50	27	0	86

Reporting year 2015

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000 / number	Austria € '000 / number	Other countries € '000 / number	€ '000 / number	€ '000 / number
Investments in associates and joint ventures	13,026	0	0	0	13,026
Additions to non-current assets	546	234	89	0	869
Employees	8	49	26	0	83

Disclosures concerning revenue from the Group's main products and services

The following table shows the Group's revenue from its main products and services from continuing operations, on the basis of the legal entities' relationship with customers:

	12/31/2016 € '000	12/31/2015 € '000
Retail clients	28,065	54,949
Institutional clients	15,770	28,344
Total	43,835	83,293

Geographical disclosures

The Group is mainly active in two geographical regions: Austria and other countries (particularly the UK).

The Group's revenue from continuing operations resulting from business with external customers is as follows, with a breakdown of the geographical location of its business activities and information regarding segment assets, in terms of the geographic location of the assets in question:

Reporting year 2016

	Austria € '000	Other countries € '000	Consolidation € '000	Group € '000
Fee and commission income from business with external customers	37,079	6,756	0	43,835
Non-current assets	36,225	15,641	-25,016	26,852

Reporting year 2015

	Austria € '000	Other countries € '000	Consolidation € '000	Group € '000
Fee and commission income from business with external customers	74,080	9,213	0	83,293
Non-current assets	41,424	13,960	-25,002	30,382

Disclosures concerning important customers

The Group did not have any single customer whose revenue amounted to at least 10% of total revenue either in the reporting year or in the previous year.

13. Other comprehensive income

Development of other comprehensive income:

	2016 € '000	2015 € '000
Reserve for available-for-sale financial assets		
<i>Profits (losses) resulting in the current period</i>	22	-14
<i>Reclassification amounts (valuation gain directly recognized in equity) recognized in the income statement</i>	0	0
<i>Reclassification amounts (valuation adjustments) recognized in the income statement</i>	0	0
Contribution to other comprehensive income resulting from measurement of available-for-sale financial assets (before taxes)	22	-14
Reserve for differences resulting from currency translation	-38	176
Reserve for remeasurement of defined-benefit obligation	-6	-5
	2016 € '000	2015 € '000
Taxes applicable on portions of other comprehensive income:		
Available-for-sale financial assets		
<i>Profits (losses) resulting in the current period</i>	-4	4
<i>Reclassification amounts recognized in the income statement</i>	0	0
Tax effect for other comprehensive income resulting from measurement of available-for-sale financial assets	-4	4
Tax effect on other comprehensive income resulting from remeasurement of defined-benefit obligation	1	1

Changes in the fair value of available-for-sale investments are recognized in the reserve for unrealized gains. The related deferred taxes total EUR -4 thousand (2015: EUR 4 thousand). They are included in these amounts.

The reserve for currency translation differences was used to recognize differences arising from the translation of the financial statements of foreign subsidiaries.

V. NOTES ON THE BALANCE SHEET

1. Intangible assets and property, plant and equipment

Changes in intangible assets and property, plant and equipment in 2015 and 2016 are shown in the following statement of changes in assets.

Intangible assets

Intangible assets exclusively comprise software licenses, concessions and rights, customer bases and goodwill. The intangible assets are carried at cost minus accumulated systematic straight-line depreciation.

Property, plant and equipment

Property, plant and equipment comprise operating and office equipment. Property, plant and equipment are carried at cost minus accumulated systematic straight-line depreciation.

The C-QUADRAT Group has concluded leasing agreements for various assets (operating and business equipment, vehicles) which may be terminated at short notice. There are no purchase or renewal options for these leasing agreements. As of the balance-sheet date, the Group has following future minimum lease payment obligations:

	12/31/2016 € '000	12/31/2015 € '000
Up to one year	56	34
One to five years	127	99
More than five years	0	0
Total	183	133

Statement of changes in non-current assets, 2016

	Cost					Depreciation					Carrying amount 12/31/2016	Carrying amount 1/1/2016	
	€ '000	As of 1/1/ 2016	Exchange rate differences	Add- itions	Dis- posals	Reclass- ification	As of 12/31/2016	As of 1/1/ 2016	Exchange rate differences	Depreciation and amortization for the year			Dis- posals
Software	624		-30	69	19	645	426	-26	95	14	482	163	198
Licenses, rights	89					89	83		5		87	2	6
Customer base	12.790					12.790	3.837		1.279		5.116	7.674	8.953
Goodwill	4.477					4.477	25				25	4.451	4.451
Intangible assets	17.980		-30	69	19	18.000	4.371	-26	1.379	14	5.710	12.291	13.609
Operating and office equipment	4.005		28	274	71	4.235	1.597	23	594	65	2.149	2.086	2.408
Property, plant and equipment	4.005		28	274	71	4.235	1.597	23	594	65	2.149	2.086	2.408

Statement of changes in non-current assets, 2015

€ '000	Cost					As of 12/31/2015	Depreciation					Carrying amount 12/31/2015	Carrying amount 1/1/2015
	As of 1/1/2015	Exchange rate differences	Ad-ditions	Dis-posals	Reclass-ifications		As of 1/1/2015	Exchange rate differences	Depreciation and amortization for the year	Dis-posals	As of 12/31/2015		
Software	497	23	146	42		624	342	18	95	29	426	198	155
Licenses, rights	91		3	5		89	69		18	4	83	6	22
Customer base	12,790					12,790	2,558		1,279		3,837	8,953	10,232
Goodwill	4,477					4,477	25				25	4,452	4,452
Intangible assets	17,854	23	149	46		17,980	2,994	18	1,392	33	4,371	13,609	14,860
Operating and office equipment	3,551	35	728	303	-6	4,005	1,161	34	599	197	1,597	2,408	2,390
Property, plant and equipment	3,551	35	728	303	-6	4,005	1,161	34	599	197	1,597	2,408	2,390

2. Impairment tests f

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”, 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 US Real Estate LLC
C-QUADRAT Norway AS

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

The Group performed its annual impairment testing on December 31, 2016 and December 31, 2015.

On the balance sheet date, goodwill was allocated to these units as follows:

	12/31/2016 € '000	12/31/2015 € '000
CUK Group	4,031	4,031
C-QUADRAT Asset Management GmbH	420	420
Total	4,451	4,451

As of the balance sheet date, the following units account for the customer base:

	12/31/2016 € '000	12/31/2015 € '000
CUK Group	7,674	8,953
Total	7,674	8,953

Basic assumptions for calculation of the value in use

The underlying assumptions for calculation of the value in use of the two units “CUK Group” and “C-QUADRAT Asset Management GmbH” are subject to the following sources of uncertainty:

- discount rates,
- cash flow forecasts and
- growth rates applied for extrapolation of the cash flow forecasts beyond the detailed planning period.

Discount rates

The discount rates reflect the current market estimates regarding the specific risks which apply for the cash-generating units; this includes the interest-rate effect and the specific risks for assets for which estimated future cash flows have not been adjusted. The discount rate calculation gives consideration to the specific circumstances of the Group and its cash-generating units and reflects its weighted average capital costs (WACC). Weighted average capital costs include both loan capital and equity capital. Equity capital costs are derived from the expected equity return for the Group's equity investors. Loan capital costs are based on the interest-bearing loan capital which the Group is required to service. The segment-specific risk is calculated through application of individual beta factors. These beta factors are determined annually on the basis of publicly available market data. For the calculation of a pre-tax discount rate, the discount rate is adjusted for the relevant amount and time of future cash flows recognized for tax purposes.

Cash-generating unit “CUK Group”

The pre-tax discount rate applied for the cash flow forecasts is 8.00% (2015: 9.00%). A risk-free interest rate of 1.39% (2015: 1.84%) has been applied on the basis of the publicly available recommendation of the Austrian chamber of professional accountants and tax advisers. A market risk premium of 6.57% (2015: 6.69%) was agreed for the relevant cash-generating unit. This is based on a publicly available recommendation from the Austrian chamber of professional accountants and tax advisers. The segment-specific risk of 1.25

(2014: 1.06) is calculated through application of individual beta factors. These beta factors are determined annually on the basis of publicly available market data.

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

The pre-tax discount rate applied for the cash flow forecasts is 8.0% (2015: 8.4%). A risk-free interest rate of 1.39% (2015: 1.84%) has been applied on the basis of the publicly available recommendation of the Austrian chamber of professional accountants and tax advisers. A market risk premium of 6.59% (2015: 6.00%) was agreed for the relevant cash-generating unit. This is based on a publicly available recommendation from the Austrian chamber of professional accountants and tax advisers. The segment-specific risk of 1.25 (2015: 1.06) is calculated through application of individual beta factors. These beta factors are determined annually on the basis of publicly available market data.

Cash flow forecasts

The recoverable amount is determined on the basis of the calculation of a value in use, using cash flow forecasts.

Cash-generating unit “CUK Group”

For the period from 2017 to 2019, the estimated future cash flows have been derived from the detailed planning approved by the management. A simplified forecast has been applied for the period from 2020 to 2021 and extrapolated on the basis of a growth rate of 1.7% (2015: 1.4%). For all periods thereafter, the forecast figures for the year 2021 are assumed to be constant.

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

The estimated future cash flows have been derived for 2017 from the detailed planning approved by the management; for the period from 2018 to 2021, a simplified forecast has been used and extrapolated by means of a growth rate of 1.7% (2015: 1.4%). For all periods thereafter, the forecast figures for the year 2021 are assumed to be constant.

Estimates of growth rates: The growth rates are based on long-term market-related growth rates for the Eurozone.

Sensitivity of assumptions

Assumptions regarding the growth rate: The -10% decrease in the long-term growth rate for the cash-generating units “CUK Group” and “C-QUADRAT Asset Management GmbH” would not entail any need for impairment.

Assumption regarding discount rates: A 100 basis-point increase in the WACC would not entail any need for impairment for the cash-generating units “CUK Group” and “C-QUADRAT Asset Management GmbH”.

Assumptions regarding EBIT: The -10% decrease in EBIT for the cash-generating units “CUK Group” and “C-QUADRAT Asset Management GmbH” would not entail any need for impairment.

Management believes that, to the best of its knowledge, no possible change in any of the underlying assumptions applied to determine the value in use of the cash-generating units “CUK Group” and “C-QUADRAT Asset Management GmbH” is liable to cause the carrying amounts of the respective cash-generating units to significantly exceed their recoverable amount. No impairment has been recognized as of the balance sheet date.

3. Investments in associates and joint ventures

The Group has the following associates and joint ventures:

	12/31/2016	12/31/2015
	€ '000	€ '000
ARTS Asset Management GmbH (45%)	8,124	12,339
QC Partners GmbH (50.01%)	0	588
Ampega C-QUADRAT Fondsmarketing GmbH (50%)	56	98
Total	8,181	13,026

All of the above-listed associates and joint ventures have been reported in these consolidated financial statements according to the equity method.

The Group holds 45% (2015: 45%) of the voting rights in ARTS Asset Management GmbH (hereinafter: "ARTS"), Austria. ARTS is a non-listed Austrian investment firm seated in Vienna and St. Pölten which specializes in the development of technical, quantitative trading systems. The C-Quadrat Group holds this strategic interest since it is ARTS' exclusive sales partner. The financial year of ARTS ends on December 31.

The following table comprises summarized financial information concerning the associate ARTS, in accordance with its financial statements prepared in compliance with the IFRS, as well as the reconciliation of this financial information to the carrying amount of the Group's interest in this associate in the consolidated financial statements:

	12/31/2016	12/31/2015
	€ '000	€ '000
Balance sheet		
Current assets	8,370	19,486
Non-current assets	426	500
Current liabilities	-762	-2,586
Non-current liabilities	0	0
Equity	8,034	17,400
Total comprehensive income		
Operating income	12,163	25,464
Expenses	-3,526	-3,527
Pre-tax earnings	8,638	21,937
<i>Income tax expense</i>	<i>-2,157</i>	<i>-5,521</i>
Profit after tax of continued operation	6,481	16,416
Profit after tax of discontinued operation	0	0
Other comprehensive income	0	0
Total comprehensive income for the continued operation	6,481	16,416
Dividends received from associates and joint ventures	7,200	8,460

Reconciliation of the summarized financial information presented and the carrying amount of the investment in the consolidated financial statements	€ '000	€ '000
Net assets of the associate	8,034	17,400
Group's proportionate interest	45%	45%
Difference	4,509	4,509
Other adjustments	0	0
Carrying amount of the Group's investment in the associate	8,124	12,339

ARTS did not have any contingent liabilities or capital commitments on December 31, 2016 or December 31, 2015.

Until May 18, 2016, the Group held 50.01% of the voting rights in QC Partners GmbH, Germany. Since a voting majority of 75% was required for significant decisions, despite C-QUADRAT Investment AG's 50.01% interest QC Partners GmbH has not been fully consolidated and has been accounted for at equity within the Group. QC Partners GmbH is a non-listed investment boutique for institutional investors seated in Frankfurt am Main. The financial year of QC Partners GmbH ends on December 31.

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 a net profit of EUR 38 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 126 thousand.

The Group also has a 50.00% (2015: 50.00%) shareholding in Ampega C-QUADRAT Fondsmarketing GmbH. Since C-QUADRAT Investment AG and Ampega Gerling Investment GmbH have concluded a joint arrangement whereby the parties with joint control have rights to the net assets of the arrangement, this is recognized as a joint venture. The financial year of Ampega C-QUADRAT Fondsmarketing GmbH ends on December 31.

On June 20, 2016, the shareholders of Ampega C-QUADRAT Fondsmarketing GmbH resolved to liquidate the company upon expiry of December 31, 2016. The company thus changed from being a company soliciting for business to one undergoing liquidation. The relevant announcement was provided in the Austrian Federal Gazette (*Bundesanzeiger*) on January 6, 2017.

The following table comprises summarized financial information concerning the joint venture Ampega C-QUADRAT Fondsmarketing GmbH in accordance with its financial statements prepared in compliance with the IFRS:

	2016	2015
	€ '000	€ '000
Pre-tax earnings	161	86
Profit after tax of continued operation	81	57
Profit after tax of discontinued operation	0	0
Other comprehensive income	0	0
Total comprehensive income for the continued operation	81	57
Dividends received from joint ventures	-58	0

	2016	2015
	€ '000	€ '000
Reconciliation of the summarized financial information presented and the carrying amount of the investment in the consolidated financial statements		
Net assets of the joint venture	112	197
Group's proportionate interest	50.00%	50.00%
Goodwill	0	0
Other adjustments	0	0
Carrying amount of the Group's investment in the joint venture	56	98

Ampega C-QUADRAT Fondsmarketing GmbH did not have any contingent liabilities or capital commitments on December 31, 2016 or December 31, 2015.

Revenues amounting to EUR 1,724 thousand were generated from associates and joint ventures in 2016 (2015: EUR 14,206 thousand). These revenues relate mainly to fee and commission income and passed-on expenses. Expenses amounting to EUR 9,752 thousand (2015: EUR 29,194 thousand) were charged to the company by associates and joint ventures in 2016. These charges mainly related to fee and commission expenses. As of December 31, 2016, receivables from associates and joint ventures amounted to EUR 44 thousand (December 31, 2015: EUR 672 thousand) and payables to associates and joint ventures to EUR 952 thousand (December 31, 2015: EUR 874 thousand).

After applying the equity method, in accordance with the rules of IAS 39 and on the basis of the current situation on the financial markets the Group determines whether it is necessary to recognize an additional change in value for the Group's investments in associates and joint ventures.

If an impairment test is necessary, the carrying amount of the investment will be tested for impairment in accordance with the rules in IAS 36. Please see *Item V.2. of the Notes* for further details.

4. Financial assets and financial liabilities

Financial assets

	12/31/2016	12/31/2015
	€ '000	€ '000
Non-current assets:		
Available-for-sale financial assets, measured at fair value and recognized directly in equity	738	609
Loans and receivables	3,330	465
	4,068	1,074
Current assets:		
Financial assets measured at fair value in income	662	695
Loans and receivables	5,101	6,418
	5,763	7,113
Total financial assets	9,831	8,187

Available-for-sale financial assets

Available-for-sale financial assets comprise listed bonds in the amount of EUR 458 thousand (December 31, 2015: EUR 476 thousand), investment fund units in the amount of EUR 154 thousand (December 31, 2015: EUR 133 thousand) and the 9.004% interests in the share capital of QC Partners GmbH in the amount of EUR 126 thousand (December 31, 2015: EUR 0 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.

The Group has identified an impairment in the amount of EUR 19 thousand (2015: EUR 0 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 400 thousand (December 31, 2015: EUR 464 thousand) and a 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 2,930 thousand (December 31, 2015: EUR 0 thousand), in accordance with their fair values.

Current loans and receivables include receivables from customers in the amount of EUR 4,107 thousand (December 31, 2015: EUR 4,504 thousand) and other assets in the amount

of EUR 994 thousand (December 31, 2015: EUR 1,913 thousand). As input factors, the carrying amounts serve as a realistic estimate of the fair value.

Financial assets measured at fair value in income

The financial assets measured at fair value in income relate to investments in investment funds and are entirely (December 31, 2015: entirely) traded on the stock market or at calculated values that are published daily.

Financial liabilities

	12/31/2016 € '000	12/31/2015 € '000
Current liabilities at amortized cost:		
Liabilities to banks	12	44
Liabilities to customers	3,754	4,331
Other liabilities	3,594	4,410
Total financial liabilities at amortized cost	7,360	8,785
	12/31/2016	12/31/2015
	€ '000	€ '000
Other financial liabilities		
Derivatives not classified as hedging instruments	433	0
Total other financial liabilities	433	0
Total financial liabilities	7,793	8,785

Liabilities at amortized cost

On the balance sheet date, the C-QUADRAT Group's liabilities to banks comprise a clearing account for current financial assets in the amount of EUR 12 thousand (December 31, 2015: EUR 44 thousand).

For the Group's current liabilities to customers in the amount of EUR 3,754 thousand (December 31, 2015: EUR 4,331 thousand) and other current liabilities in the amount of EUR 3,583 thousand (December 31, 2015: EUR 4,410 thousand), as input factors the carrying amounts are used as a realistic estimate of the fair value.

Other financial liabilities

Other financial liabilities include derivatives not classified as hedging instruments. These entail forward foreign exchange contracts (British pound) with a volume of EUR 433 thousand (December 31, 2015: EUR 0 thousand). The Group uses forward foreign exchange contracts to hedge some of the applicable transaction risks. These forward foreign exchange contracts are 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 2016 financial year, the loss on changes in value not realized as of the balance sheet date amounted to EUR 433 thousand.

Fair value

The following tables show carrying amounts and fair values (in each case, December 31 is the valuation date) for the assets and liabilities recognized within the scope of the consolidated financial statements:

Financial assets	Carrying amount		Fair value	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
	€ '000	€ '000	€ '000	€ '000
Available-for-sale financial assets measured at fair value	738	609	738	609
Loans and receivables (non-current)	3,330	465	3,330	465
Financial assets measured at fair value in income	662	695	662	695

Financial liabilities	Carrying amount		Fair value	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
	€ '000	€ '000	€ '000	€ '000
Derivatives not classified as hedging instruments	433	0	433	0

The management has determined that the carrying amounts of cash and cash equivalents, receivables from customers, liabilities to customers and other liabilities almost match their fair values, due to these instruments' short terms.

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 on 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.

Fair value hierarchy

For financial instruments measured at fair value as of December 31, 2016 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.

The following tables show carrying amounts and fair values for the assets and liabilities recognized within the scope of the consolidated financial statements, according to the level of hierarchy:

Assets measured at fair value:	12/31/2016				12/31/2015			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Available-for-sale financial assets measured at fair value	738	458	154	126	609	476	133	0
Loans and receivables (non-current)	3,330	0	400	2,930	465	0	465	0
Financial assets measured at fair value in income	662	0	662	0	695	0	695	0

Financial liabilities	12/31/2016				12/31/2015			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Liabilities to banks	12	0	12	0	44	0	44	0
Derivatives not classified as hedging instruments	433	0	433	0	0	0	0	0

During the reporting period from January 1, 2016 to December 31, 2016, there were no transfers between fair value measurements in Level 1, Level 2 and Level 3.

5. Receivables from customers

	12/31/2016 € '000	12/31/2015 € '000
Invoiced claims for the provision of services	1,076	1,306
Deferred fee and commission income	2,518	3,198
Total	3,593	4,504

In addition to invoiced claims for the provision of services, receivables from customers also include deferred fee and commission income. All receivables from customers are non-interest-bearing and are usually due within 30 days or less.

The following table shows the age of receivables from customers as of December 31, 2016:

	Total € '000	Neither overdue nor impaired € '000	Overdue but unimpaired					Overdue and impaired
			< 30 days € '000	30-90 days € '000	90-180 days € '000	180-360 days € '000	> 360 days € '000	> 360 days € '000
2016	3,593	3,510	83	0	0	0	0	0
2015	4,504	4,504	50	0	0	0	0	0

6. Other assets

	12/31/2016 € '000	12/31/2015 € '000
Receivables from intercompany charges	281	37
Capitalized prepayments	496	451
Security deposits	60	103
Miscellaneous	671	1,321
Other assets	1,508	1,913

The miscellaneous other assets item includes Austrian savings bonds (securities issued by the Republic of Austria) in the amount of EUR 0 thousand (2015: EUR 1,000 thousand) and a purchase price claim of TEUR 513 thousand due to a sell of shares at QC Partners GmbH *Item V.3. of the Notes*.

7. Cash and cash equivalents

	12/31/2016 € '000	12/31/2015 € '000
Bank balances and cash in hand	18,409	33,956
Total	18,409	33,956

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 18,409 thousand (December 31, 2015: EUR 33,956 thousand).

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

8. 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.

The share buyback program announced by the Management Board on September 9, 2015 on the basis of an authorization granted by the Annual General Meeting on May 8, 2015 – which envisaged the repurchase of a total of 218,160 shares, i.e. 5% of the share capital at that time – was prematurely ended through the resolution passed by the Management Board on October 18, 2016 on account of the change in the framework conditions due to the completion of the takeover (its original term was to expire on October 31, 2017).

The company did not purchase any treasury shares within the scope of its prematurely ended share buyback program.

Changes in the number of ordinary shares:

Issued and fully paid	In thousands of shares	Nominal value, EUR thousand
As of 12/31/2016	4,363	4,363
As of 12/31/2015	4,363	4,363

Capital reserves:

Capital reserves relate to payments by shareholders over and above the reported share capital issued under the terms of an Initial Public Offering on the official market of the Frankfurt Stock Exchange (Prime Standard) on November 23, 2006. The transaction costs of issuing the shares, net of any related benefits for taxes on income, are accounted for as a deduction from capital reserves. Within the scope of the acquisition of the investment in CUK Group in 2012, by way of consideration the company issued 130,896 units of its own ordinary shares. The difference between the fair value of these shares and the acquisition costs was recognized in the capital reserves.

Other reserves:

The change in other comprehensive income – with a breakdown of reserves – is presented below:

	Reserve for available-for-sale financial assets	Reserve for currency translation differences	Revenue reserves	Total other reserves
	€ '000	€ '000	€ '000	€ '000
1/1/2015	0	-112	6	-106
Translation differences	0	176	0	176
Profit/loss from financial assets held for sale	-10	0	0	-10
Remeasurement of defined-benefit obligation	0	0	-4	-4
12/31/2015	-10	64	2	55
Translation differences	0	-38	0	-38
Profit/loss from financial assets held for sale	18	0	0	18
Remeasurement of defined- benefit obligation	0	0	-5	-5
12/31/2016	8	26	-2	32

9. Distributed dividends

The cash dividend resolved and paid in the 2016 financial year for the 2015 financial year amounted to EUR 4.00 per share (2015: EUR 3.00 per share).

10. Provisions

Statement of provisions, 2016

	1/1/2016	Change Scope of consolidation	Currency translation difference	Utilization	Reversal	Additions	12/31/2016
	€ '000	€ '000		€ '000	€ '000	€ '000	€ '000
Provisions for severance payments	113	0	0	16	0	0	97
Total non-current provisions	113	0	0	16	0	0	97
Other provisions	651	0	0	498	93	482	542
Total current provisions	651	0	0	498	93	482	542
Total provisions	763	0	0	514	93	482	639

Statement of provisions, 2015

	1/1/2015	Change Scope of consolidation	Currency translation difference	Utilization	Reversal	Additions	12/31/2015
	€ '000	€ '000		€ '000	€ '000	€ '000	€ '000
Provisions for severance payments	137	0	0	0	25	0	113
Total non-current provisions	137	0	0	0	25	0	113
Other provisions	646	0	0	524	41	570	651
Total current provisions	646	0	0	524	41	570	651
Total provisions	783	0	0	524	66	570	763

Other provisions mainly include estimated provisions for legal and other consultancy services provided to the company in the past financial year. These costs are expected to be payable within the next financial year.

Changes in provisions for severance payments are shown in the following table.

	12/31/2016	12/31/2015
	€ '000	€ '000
Provisions as of January 31 (= DBO)	113	137
Past service costs	-12	-21
Interest costs	1	2
Actuarial gains/losses	-5	-5
Provisions as of December 31 (= DBO)	97	113

Both past service costs and interest costs are recognized in income.

Actuarial gains and losses in respect of severance obligations are recognized in other comprehensive income.

The amount of provisions for severance payments is calculated using actuarial methods, based on the following assumptions:

	12/31/2016	12/31/2015
Interest rate	1.50%	2.00%
Salary/wage increase	3.50%	3.50%
Deductions for fluctuation	0.00%	0.00%
Retirement age	Austrian General Pension Act 04	Austrian General Pension Act 04
Mortality tables for Austria	AVO-P 2008, (salaried employees)	AVO-P 2008, (salaried employees)

A sensitivity analysis for the key assumptions as of December 31, 2016 and December 31, 2015 is presented below:

December 31, 2016

Assumptions for severance provisions: Parameter (absolute change)			DBO (relative change)	
Future return	-1.00%	+1.00%	+8.9%	-7.7%
Future salary increase	-0.50%	+0.50%	-4.0%	+4.2%

December 31, 2015

Assumptions for severance provisions: Parameter (absolute change)			DBO (relative change)	
Future return	-1.00%	+1.00%	+10.7%	-9.2%
Future salary increase	-0.50%	+0.50%	-4.7%	+5.0%

11. Liabilities to customers

	12/31/2016 € '000	12/31/2015 € '000
Liabilities from services received	62	212
Deferred fee and commission liabilities	3,691	4,119
Total	3,754	4,331

In addition to invoiced claims for the provision of services, payable to customers also include deferred fee and commission income. Liabilities to customers are not subject to interest and are payable on demand or have a term of up to three months. Their carrying amounts are all equal to their respective fair value.

12. Other current liabilities

	12/31/2016	12/31/2015
	€ '000	€ '000
Liabilities to tax authorities	169	228
Liabilities to social insurance institutions	217	247
Liabilities for premiums/bonuses	1,139	2,021
Liabilities for outstanding leave	216	229
Miscellaneous	1,311	1,034
Other non-financial liabilities	3,052	3,759

13. 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 uses derivative financial instruments such as interest rate swaps and 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

As of December 31, 2016, the C-QUADRAT Group has bank liabilities in the amount of EUR 12 thousand (December 31, 2015: EUR 44 thousand). The company is not exposed to any 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 consolidated pre-tax income (due to changes in revenue) to a 10% increase in the GBP, CHF and AMD exchange rates which is reasonably possible. A positive figure indicates an increase in the net income for the year, if the GBP, CHF or AMD 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. There are no effects on equity.

	GBP effects		CHF effects		AMD effects	
	2016	2015	2016	2015	2016	2015
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Pre-tax earnings	176	511	-24	174	-5	0
Equity	0	0	0	0	0	0

A portion of the C-QUADRAT Group's revenues and profits are generated by subsidiaries that are not headquartered in the Eurozone. During the period under review, the C-

QUADRAT Group generated 17% of its revenues in foreign currencies, mainly GBP (12%), CHF (4%) and AMD (1%). 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 Kapitalanlage AG, C-QUADRAT Asset Management GmbH and C-QUADRAT Deutschland GmbH. CUK Group and C-QUADRAT Ampega Asset Management Armenia LLC also have 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. In relation to the Group's other financial assets, such as cash and cash equivalents, held-for-trading financial assets 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.

Within the framework of the audit of the consolidated financial statements, C-QUADRAT Investment AG has assumed liability for the obligations of the two British holding companies C-QUADRAT (UK) Ltd. and C-QUADRAT Bluestar Ltd. in the amount of EUR 7 thousand.

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 the balance sheet date, as well as securities which may be liquidated at any time the Group has cash and cash equivalents in the amount of EUR 18,409 thousand (December 31, 2015: EUR 33,956 thousand), which is equivalent to approx. 36.1% of the balance sheet total (December 31, 2015: 47.4%). The company therefore has robust liquidity at its disposal.

As of December 31, 2016, the Group's undiscounted cash outflows for financial liabilities had the following maturities:

Maturities, 2016	On demand € '000	< 3 months € '000	3-12 months € '000	1-5 years € '000	> 5 years € '000	Total € '000
Liabilities to banks (including interest)	0	12	0	0	0	12
Liabilities to customers	3,754	0	0	0	0	3,754
Total	3,754	12	0	0	0	3,766

Maturities, 2015	On demand € '000	< 3 months € '000	3-12 months € '000	1-5 years € '000	> 5 years € '000	Total € '000
Liabilities to banks (including interest)	0	44	0	0	0	44
Liabilities to customers	4,331	0	0	0	0	4,331
Total	4,331	44	0	0	0	4,375

Capital management

The primary objective of the Group's capital management activities is to ensure that it maintains a high credit rating and a good 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.

The aim is to maintain an equity ratio at Group level not less than 30% (in accordance with IFRS):

	12/31/2016	12/31/2015
	€ '000	€ '000
Share capital	4,363	4,363
Reserves	16,005	16,218
Group profits	2,818	20,160
Profit carryforward less dividend	17,310	14,714
Non-controlling interests	702	829
Equity according to IFRS	41,198	56,284
Liabilities	9,825	15,167
Total equity and liabilities	51,013	71,451
Equity ratio according to IFRS	80.7%	78.8%

14. Related party disclosures

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 if it 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 a person in a key management position in the company or its parent company.

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

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. Payment by installments has been agreed. As of the balance sheet date, the purchase price had not yet been paid, in line with the agreement. Since 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 126 thousand. Please see **Items IV.9.** and **V.3. of the Notes** for further details. A member of the Supervisory Board of C-QUADRAT Investment AG has control over the purchaser of the interests.

Under a consulting agreement, expenses have arisen in relation to Cubic (London) Limited, UK, in the amount of EUR 112 thousand (2015: EUR 0 thousand). As of December 31, 2016, the resulting liability amounts to EUR 112 thousand (December 31, 2015: EUR 0 thousand). These costs for consulting services are subject to arm's length terms. Cubic (London) Limited holds 33.00% of the voting rights in C-QUADRAT Investment AG.

15. Contingent liabilities

C-QUADRAT Investment AG has assumed liability for the obligations of the two CUK holding companies C-QUADRAT UK Ltd. (company number: 04798477) and C-QUADRAT Bluestar Ltd. (company number: 08188393) in the amount of EUR 7 thousand (previous year: EUR 57 thousand). These companies are not audited due to the guarantees pursuant to Section 479a *AktG* (UK). C-QUADRAT Investment AG assumes any liabilities that may be asserted against these companies.

Management Board

In the 2016 financial year, the Management Board of C-QUADRAT Investment AG consisted of the following persons:

Gerd Alexander Schütz
Thomas Riess
Cristobal Mendez de Vigo

The gross remuneration paid to the Management Board members of C-QUADRAT Investment AG totaled EUR 955 thousand in the 2016 financial year, including variable remuneration components amounting to EUR 346 thousand (2015: EUR 274 thousand in variable components, EUR 879 thousand in total). Severance expenses for members of the Management Board of C-QUADRAT Investment AG amounted to EUR 0 thousand (2015: EUR 0 thousand). Contributions to defined contribution pension schemes for the Management Board members of C-QUADRAT Investment AG amounted to EUR 0 thousand in the 2016 financial year (2015: EUR 0 thousand).

As of December 31, 2016, the C-QUADRAT Group has not extended any advances or loans (except payment on account for travel expenses) to shareholders or members of the parent company's Management Board or to members of the management boards or management of subsidiaries (December 31, 2015: EUR 252 thousand). There are no contingent liabilities.

Supervisory Board

In the 2016 financial year, 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
Walter Schmidt, to May 13, 2016
Dr. Fritz Schweiger
Klemens Hallmann

At C-QUADRAT Investment AG, the remuneration paid to members of the Supervisory Board for the 2016 financial year amounted to EUR 71 thousand (2015: EUR 74 thousand). Within the Group, remuneration paid to members of the Supervisory Board amounted to EUR 84 thousand (2015: EUR 94 thousand).

As of December 31, 2016, the C-QUADRAT Group has not extended any advances or loans to members of the Supervisory Board (December 31, 2015: EUR 0 thousand).

16. Special events

FMA enforcement proceedings:

The consolidated half-yearly financial statements as of June 30, 2013, the consolidated financial statements as of December 31, 2013 and the consolidated half-yearly financial statements as of June 30, 2014 of C-QUADRAT Investment AG were audited by the Austrian Financial Reporting Enforcement Panel (*Österreichische Prüfstelle für Rechnungslegung, OePR*) in the period from May 5, 2014 to November 5, 2014. The Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde, FMA*) took charge of the proceedings on March 12, 2015, audited these same financial statements in the period from March 24, 2015 to December 23, 2015 and notified the company of its audit findings in its assessment notice of December 23, 2015, which the company received on December 28, 2015.

The Management Board of C-QUADRAT Investment AG lodged an appeal in good time before the Austrian Federal Administrative Court (*Bundesverwaltungsgericht, BVwG*) against the Austrian Financial Market Authority's audit findings notified in its assessment notice of December 23, 2015 and against the Austrian Financial Market Authority's notice of March 23, 2016 regarding the notification of errors identified as well as an application for recognition of their suspensive effect. Due to the Austrian Financial Market Authority's threat of a substitute performance, announced on May 24, 2016, the audit findings of the Austrian Financial Market Authority were published in the "Wiener Zeitung" newspaper and on the company's website on May 25, 2016, together with key sections of the justification for its findings pursuant to Section 5 (2) *RL-KG*. As of the date of this report, the company's appeal is still pending before the Austrian Federal Administrative Court.

Shareholder structure/takeover offer:

As previously announced, on April 5, 2016 Cubic (London) Limited, London (UK), ("Cubic" or the "Offeror") – which is jointly owned by San Gabriel Privatstiftung and T.R. Privatstiftung, each of which holds half of the interests in this company – published an anticipated mandatory offer pursuant to Sections 22ff of the Austrian Takeover Act (*Übernahmegesetz, ÜbG*) to the shareholders of C-QUADRAT Investment AG (ISIN AT0000613005) (the "Offer"), with an offer price of EUR 60.00 per no-par-value share. Due to the non-delivery agreements which certain core shareholders concluded with the Offeror, the Offer actually related to 411,694 C-QUADRAT shares, i.e. approx. 9.44 % of the company's issued share capital. In addition to its Offer, the Offeror acquired a further 1,095,162 C-QUADRAT shares, i.e. 25.1 % of the issued share capital, from the previous core shareholder Talanx Asset Management GmbH. The Offer and this parallel acquisition were subject to the condition precedent of clearance by the competent supervisory authorities. Up to the end of the acceptance period on June 14, 2016, a total of 132,487 C-QUADRAT shares had been submitted for sale, i.e. approx. 3.04%. The necessary condition was fulfilled on June 22, 2016. The grace period following notification of the result ended on October 12, 2016.

According to the voting right notification pursuant to Section 93 (2) of the Austrian Stock Market Act (*Börsegesetz, BörseG*) of October 25, 2016, upon completion of the takeover the Offeror held a total of 33.00% of the voting rights in the company. Since the remaining free

float of the company currently amounts to approx. 1.54%, the preconditions for stock-exchange listing continue to apply.

17. Events after the balance sheet date

Associates:

On June 20, 2016, the shareholders of Ampega C-QUADRAT Fondsmarketing GmbH resolved to liquidate the company upon expiry of December 31, 2016. The company thus changed from being a company soliciting for business to one undergoing liquidation. The relevant announcement was provided in the Austrian Federal Gazette (*Bundesanzeiger*) on January 6, 2017.

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

VI. NOTES TO THE CASH FLOW STATEMENT

The consolidated cash flow statement of the C-QUADRAT Group shows how the Group's cash and cash equivalents changed as a result of the inflow and outflow of funds during the reporting year. Within the cash flow statement, a distinction is made between cash flows from operating activities, investing activities and financing activities. The cash flow statement is prepared using the indirect method. The funds on which the cash flow statement is based are the cash and cash equivalents, which comprise bank balances and cash in hand. Please see **Item V.7 in the Notes** with regard to the reconciliation of these funds with the cash and cash equivalents reported in the balance sheet.

VII. OTHER DISCLOSURES

Volume of managed funds

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

	12/31/2016 EUR MILLION	12/31/2015 EUR MILLION
ARTS Asset Management GmbH	2,438	2,633
C-QUADRAT Asset Management GmbH	1,693	1,454
CUK Group	1,383	979
QC Partners GmbH	526	306
SMN	2	34
Total volume	6,042	5,406

Average number of employees during the financial year (FTE – Full Time Equivalent)

	2016 Total	2015 Total
Group	86	83
Not fully consolidated companies	29	28

The above employee figures exclusively comprise salaried employees (excl. casual workers).

Vienna, March 27, 2017

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

Thomas Riess, m.p.
Member of the Management Board

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

C-QUADRAT INVESTMENT AG and subsidiary and associated companies

Attachement to Notes

2016

Company	Domicile	Main Activity	Issued Capital	Currency	Equity holding	Type of consolidation	Notes
C-QUADRAT Investment AG	A-Vienna	Holding	4,363,200	EUR	100.00%	FC	
C-QUADRAT Kapitalanlage AG	A-Vienna	Asset Management	2,700,000	EUR	100.00%	FC	
C-QUADRAT Asset Management GmbH	A-Vienna	Asset Management	125,000	EUR	74.90%	FC	III.2
C-QUADRAT Deutschland GmbH	D-Frankfurt	Sales	50,000	EUR	100.00%	FC	
C-QUADRAT US Real Estate LLC	US-Wilmington	Asset Management	1,000	USD	100.00%	FC	
C-QUADRAT Luxembourg SA	LU-Luxemburg	Asset Management	50,000	EUR	100.00%	FC	
C-QUADRAT UK Ltd.	GB-London	Asset Management	663,807	GBP	100.00%	FC	
C-QUADRAT Bluestar Ltd.	GB-London	Asset Management	800,001	GBP	100.00%	FC	
C-QUADRAT Asset Management (UK) LLP	GB-London	Asset Management	1,688,306	GBP	100.00%	FC	
BCM & Partners SA	CH-Geneva	Asset Management	100,000	CHF	100.00%	FC	
C-QUADRAT Asset Management (Cayman)	Cayman Islands	Asset Management	50,000	USD	100.00%	FC	
C-QUADRAT Advisors SL	E-Madrid	Asset Management	30,000	EUR	100.00%	FC	
C-QUADRAT Norway AS	N-Oslo	Asset Management	30,000	NOK	100.00%	FC	
C-QUADRAT Ventures Lux S.à.r.l.	LU-Luxemburg	Asset Management	12,500	EUR	100.00%	FC	
C-QUADRAT Ampega Asset Management Armenia LLC	AM - Yerevan	Asset Management	650,000,000	AMD	74.90%	FC	III.2
ARTS Asset Management GmbH	A-Vienna	Asset Management	125,000	EUR	45.00%	EQ	V.3
Ampega C-QUADRAT Fondsmarketing GmbH	D-Frankfurt	Sales	25,000	EUR	50.00%	EQ	V.3

2015

Company	Domicile	Main Activity	Issued Capital	Currency	Equity holding	Type of consolidation	Notes
C-QUADRAT Investment AG	A-Vienna	Holding	4,363,200	EUR	100.00%	FC	
C-QUADRAT Kapitalanlage AG	A-Vienna	Asset Management	2,700,000	EUR	100.00%	FC	
C-QUADRAT Asset Management GmbH	A-Vienna	Asset Management	125,000	EUR	74.90%	FC	III.2
C-QUADRAT Deutschland GmbH	D-Frankfurt	Sales	50,000	EUR	100.00%	FC	
C-QUADRAT Luxembourg SA	LU-Luxemburg	Asset Management	50,000	EUR	100.00%	FC	
C-QUADRAT UK Ltd.	GB-London	Asset Management	663,807	GBP	100.00%	FC	
C-QUADRAT Bluestar Ltd.	GB-London	Asset Management	800,001	GBP	100.00%	FC	
C-QUADRAT Asset Management (UK) LLP	GB-London	Asset Management	1,688,306	GBP	100.00%	FC	
BCM & Partners SA	CH-Geneva	Asset Management	100,000	CHF	100.00%	FC	
C-QUADRAT Asset Management (Cayman)	Cayman Islands	Asset Management	50,000	USD	100.00%	FC	
C-QUADRAT Advisors SL	E-Madrid	Asset Management	30,000	EUR	100.00%	FC	
C-QUADRAT Norway AS	N-Oslo	Asset Management	30,000	NOK	100.00%	FC	
C-QUADRAT Ampega Asset Management Armenia LLC	AM - Yerevan	Asset Management	650,000,000	AMD	74.90%	FC	III.2
ARTS Asset Management GmbH	A-Vienna	Asset Management	125,000	EUR	45.00%	EQ	V.3
Ampega C-QUADRAT Fondsmarketing GmbH	D-Frankfurt	Sales	25,000	EUR	50.00%	EQ	V.3
QC Partners GmbH	D-Frankfurt	Asset Management	25,000	EUR	50.01%	EQ	V.3

FC - fully consolidated

EQ - consolidated at equity

The domicile matches with inception-country and main office.

Group Management Report
C-QUADRAT Investment AG
on the Consolidated Financial Statements as of December 31, 2016

Review of the economic situation and the capital markets in 2016

The start of the year 2016 was characterized by weak stock markets and a high level of volatility. Global stock market trends were influenced, in particular, by the negative development of the Chinese markets. From the 2nd quarter onwards, in view of deflationary tendencies the ECB sought through various measures to extend the scope of its monetary expansion, both in point of time and also its volume. This significantly stabilized the markets. However, this phase was only short-lived, since the outcome of the EU referendum in the United Kingdom – withdrawal from the EU (“Brexit”) – resulted in a further rise in volatility and a correction on the financial markets. From the middle of the year onwards, the markets recovered and subsequently stabilized. The unexpected outcome of the American presidential election triggered a pronounced year-end rally on the stock exchange.

Business development and situation of the company

2014 and 2015 were the most successful financial years in C-QUADRAT’s history. The 2016 financial year was unable to match these two extraordinary financial years, but nonetheless delivered a sound and positive result. The Group’s net profit for the year in 2016 amounts to EUR 3,262 thousand (previous year: EUR 20,731 thousand). The volume of assets entrusted to the C-QUADRAT Group increased to in excess of EUR 6.0 billion as of the end of the year (previous year: 5.4 billion).

In the past financial year, on the expense side of the balance sheet the Management Board of C-QUADRAT Investment AG continued to implement the cost-saving measures already initiated and took further steps in order to reduce the administrative workload, the liability risk and the level of complexity and, by extension, the ongoing costs. In the previous year, some of the self-administered investment funds of the Group’s subsidiary C-QUADRAT Kapitalanlage AG (“mandates of C-QUADRAT Kapitalanlage AG”) were transferred to the German firm Ampega Investment GmbH. The remaining mandates of C-QUADRAT Kapitalanlage AG were transferred to Austria’s Raiffeisen Kapitalanlagegesellschaft m.b.H. with effect as of January 1, 2016. In addition, business procedures and organizational structures were adjusted (calculation of commission, definition of new interfaces and processes).

Accordingly, in the past year operating expenses excluding fee and commission expenses and finance costs were reduced from EUR 22,667 thousand to EUR 21,872 thousand.

The following changes resulted in the scope of consolidation in 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 126 thousand.

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 December 16, 2016 the company C-QUADRAT US Real Estate LLC was established in Delaware, USA, with share capital equivalent to EUR 1 thousand. It is wholly owned by C-QUADRAT Investment AG. The company will be fully consolidated from December 31, 2016.

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.

As of the balance-sheet date, the principal shareholders are Cubic (London) Limited (33.00%), T.R. Privatstiftung (20.20%) and San Gabriel Privatstiftung (15.68%), with the latter two entities holding a majority interest in Cubic (London) Limited and having syndicated their voting rights. Moreover, Laakman Holding Ltd. and Hallmann Holding International Investment GmbH have substantial interests in C-QUADRAT Investment AG (17.28% and 9.99% respectively).

The share buyback program announced by the Management Board on September 9, 2015 on the basis of an authorization granted by the Annual General Meeting on May 8, 2015 – which envisaged the repurchase of a total of 218,160 shares, i.e. 5% of the share capital at that time – was prematurely ended through the resolution passed by the Management Board on October 18, 2016 on account of the change in the framework conditions due to the completion of the takeover (its original term was to expire on October 31, 2017). The company did not purchase any treasury shares within the scope of its prematurely ended share buyback program.

Asset management

2016 was also a successful financial year for the investment funds managed by the company and for these funds' managers.

At the 2016 Lipper Fund Awards, C-QUADRAT once again picked up prizes in its peer groups for Europe, Germany and Austria. The funds managed by ARTS Asset Management, a member of the C-QUADRAT Group, took first place four times at the prestigious Lipper Fund Awards 2016.

At the Euro Fund Awards 2016, the funds managed by C-QUADRAT and ARTS likewise once again garnered a large number of awards. In various categories, they were awarded a total of 4 first places and 3 second places.

On December 31, 2016, the total assets under management of the C-QUADRAT Group amount to EUR 6,042 million, an increase of EUR 636 million or 11.8% year-on-year (December 31, 2015: EUR 5,406 million). The further growth of the volume of assets entrusted to the C-QUADRAT Group and the large number of awards for C-QUADRAT funds indicate our customers' level of satisfaction.

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

	12/31/2016	12/31/2015
	EUR MILLION	EUR MILLION
ARTS Asset Management GmbH	2,438	2,633
C-QUADRAT Asset Management GmbH	1,693	1,454
C-QUADRAT UK Group	1,383	979
QC Partners GmbH	526	306
SMN	2	34
Total volume	6,042	5,406

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. This has resulted in investment inflows in Germany exceeding those in Austria over the past few years. 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

Net fee and commission income – i.e. fee and commission income less fee and commission expenses – amounted to EUR 22,651 thousand in the past financial year (previous year: EUR 39,874 thousand). Net fee and commission income excluding performance-related management fees amounted to EUR 20,856 thousand (previous year: EUR 22,410 thousand).

As outlined in the section “Business development and situation of the company”, as well as the administration of the mandates of C-QUADRAT Kapitalanlage AG the two external management companies have also assumed charge of the calculation and settlement of commission entitlements for the so-called “1st line” (depositories, banks, platforms) on behalf of C-QUADRAT Kapitalanlage AG, in both economic and procedural terms. Since the company only received the residual amount from the external management companies as a management fee, following settlement of the 1st line, the fee and commission income and expenses shown in the company’s income statement are lower than they would have been if the company had settled up the 1st line itself throughout 2016.

The development of fee and commission income year-on-year should also be seen in this context, and the results are thus only comparable to a limited extent.

Aside from fee and commission income, other operating income of EUR 479 thousand (previous year: EUR 520 thousand) contributed to total revenues.

Personnel expenses have decreased by EUR 534 thousand or 4.8% to EUR 10,549 thousand (previous year: EUR 11,083 thousand). Other administrative expenses and other operating expenses have decreased overall by EUR 245 thousand or 2.5% to EUR 9,350 thousand (previous year: EUR 9,594 thousand). The trend on the expense side of the balance sheet reflects the strategy of the Management Board of C-QUADRAT Investment AG of reducing the administrative workload and the level of complexity by means of efficiency gains, so as to concentrate even more intensively on successful portfolio management and growth.

The changes described above led to an operating profit before depreciation and amortization of EUR 3,232 thousand in the 2016 financial year, which was lower than in the previous year (previous year: EUR 19,717 thousand). Depreciation – which includes systematic

amortization of the Group's customer base – amounts to EUR 1,973 thousand (2015: EUR 1,991 thousand). The operating profit amounts to EUR 1,259 thousand (previous year: EUR 17,727 thousand). Net income from associates of EUR 3,029 thousand is lower than the previous year's figure of EUR 7,443 thousand. The financial result amounts to EUR -379 thousand (previous year: EUR 160 thousand). Taking into consideration the taxation of the income of C-QUADRAT Investment AG, C-QUADRAT Kapitalanlage AG and C-QUADRAT Asset Management GmbH as a tax group, a tax burden resulted for the C-QUADRAT Group in the amount of EUR 647 thousand (previous year: EUR 4,598 thousand). This represents a net profit for the year of EUR 3,262 thousand (previous year: EUR 20,731 thousand).

Balance sheet

The balance sheet total as of December 31, 2016 amounted to EUR 51,023 thousand and has thus decreased by EUR 20,428 thousand or 28.6% in relation to the balance sheet total as of December 31, 2015 in the amount of EUR 71,451 thousand. This reflects factors including a decline in cash and cash equivalents by comparison with the previous year. Receivables from customers have decreased by EUR 911 thousand or 20.2% to EUR 3,593 thousand (2015: EUR 4,504 thousand). At the same time, liabilities to customers have declined by EUR 577 thousand or 13.3% to EUR 3,754 thousand (2015: EUR 4,331 thousand). At EUR 18,409 thousand, cash and cash equivalents have decreased by EUR 15,547 thousand or 45.8% on the previous year (2015: EUR 33,956 thousand). In the 2016 financial year the C-QUADRAT Group has maintained extremely robust liquidity alongside its securities investments, since cash and cash equivalents comprise approx. 36.1% of its balance sheet total (2015: 47.5%).

Key performance figures

Cash flow from operating activities has fallen significantly year-on-year, from EUR 21,349 thousand to EUR -1,272 thousand, mainly due to the changes in receivables and other assets and net income from associates. Cash flow from investment activities was EUR 4,062 thousand, compared to EUR 7,281 thousand in the same period in the previous year. Due to the dividends paid, cash flow from financing activities amounts to EUR -18,356 thousand, compared to the previous year's figure of EUR -17,171 thousand. The overall cash flow for the Group amounts to EUR -15,547 thousand in the 2016 financial year due to the activities outlined above, while the cash flow in the previous year totaled EUR 11,517 thousand.

The cost-to-income ratio (total costs/total revenues before taxes) amounts to 91.8%, while the figure for the previous year was 72.3%.

The EBITDA margin (operating profit before depreciation and amortization/fee and commission income) amounts to 7.3%, while the figure for the previous year was 23.5%.

On average, the C-QUADRAT Group had 86 employees on its payroll over the financial year (2015: 83 employees).

As well as training provided for new employees immediately upon joining the company, two compliance training sessions were held for the company's employees in the 2016 financial year (1st and 2nd half of the year). The issue of "compliance" was outlined and presented in terms of all its various aspects and its implications in relation to the company's internal compliance policy and its other internal policies. "Gifts and information for (potential) clients", "Handling of insider information" ("Market abuse") and "Prevention of money laundering and financing of terrorism" were special topics covered.

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. The Group has taken some important steps in this direction through the decisions outlined above and already implemented: the transfer of the investment funds of C-QUADRAT Kapitalanlage AG to external management companies, ceasing to operate as a management company and adjustments to the calculation of commission in this respect.

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 is currently implementing a gap analysis with an external consultant, so as to be able to execute successful implementation measures in a targeted fashion. The company is pursuing 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.13. 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 uses derivative financial instruments and forward exchange transactions 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, which are described in Item V.13. of the notes to the consolidated financial statements.

Outlook for the Group

As always, the company's revenue trend depends on events on the international financial markets. The C-QUADRAT Group is well prepared for the year 2017. It has a portfolio of exciting products and product ideas, enjoys a solid financial footing and can thus justifiably look forward to the year 2017 with confidence.

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 (in particular, real estate, infrastructure and direct lending). 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 in 2017, thus enabling the increase in assets under management planned for 2017.

Nonetheless, with the United Kingdom's decision to withdraw from the EU ("BREXIT") and the coming into force of the MiFID II Directive in early 2018, 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 another positive performance in 2017.

Special events

Shareholder structure/takeover offer:

As previously announced, on April 5, 2016 Cubic (London) Limited, London (UK), (the "Offeror") – which is jointly owned by San Gabriel Privatstiftung and T.R. Privatstiftung, each of which holds half of the interests in this company – published an anticipated mandatory offer pursuant to Sections 22ff of the Austrian Takeover Act (*Übernahmegesetz, ÜbG*) to the shareholders of C-QUADRAT Investment AG (ISIN AT0000613005) (the "Offer"), with an offer price of EUR 60.00 per no-par-value share. Due to the non-delivery agreements which certain core shareholders concluded with the Offeror, the Offer actually related to 411,694 C-QUADRAT shares, i.e. approx. 9.44 % of the company's issued share capital. In addition to its Offer, the Offeror acquired a further 1,095,162 C-QUADRAT shares, i.e. 25.1 % of the issued share capital, from the previous core shareholder Talanx Asset Management GmbH. The Offer and this parallel acquisition were subject to the condition precedent of clearance by the competent supervisory authorities. Up to the end of the acceptance period on June 14, 2016, a total of 132,487 C-QUADRAT shares had been submitted for sale, i.e. approx. 3.04%. The necessary condition was fulfilled on June 22, 2016. The grace period following notification of the result ended on October 12, 2016.

According to the voting right notification pursuant to Section 93 (2) of the Austrian Stock Market Act (*Börsegesetz, BörseG*) of October 25, 2016, upon completion of the takeover the Offeror held a total of 33.00% of the voting rights in the company. Since the remaining free float of the company currently amounts to approx. 1.54%, the preconditions for stock-exchange listing continue to apply.

Proceedings under the Austrian Accounting Control Act (*Rechnungslegungskontrollgesetz, RL-KG*) (Austrian Financial Market Authority enforcement proceedings):

The consolidated half-yearly financial statements as of June 30, 2013, the consolidated financial statements as of December 31, 2013 and the consolidated half-yearly financial statements as of June 30, 2014 of C-QUADRAT Investment AG were audited by the Austrian Financial Reporting Enforcement Panel (*Österreichische Prüfstelle für Rechnungslegung, OePR*) in the period from May 5, 2014 to November 5, 2014. The Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde, FMA*) took charge of the proceedings on March 12, 2015, audited these same financial statements in the period from March 24, 2015 to December 23, 2015 and notified the company of its audit findings in its assessment notice of December 23, 2015, which the company received on December 28, 2015.

The Management Board of C-QUADRAT Investment AG lodged appeals in good time before the Austrian Federal Administrative Court (*Bundesverwaltungsgericht, BVwG*) against the Austrian Financial Market Authority's audit findings notified in its assessment notice of December 23, 2015 and against the Austrian Financial Market Authority's notice of March 23, 2016 regarding the notification of errors identified as well as an application for recognition of their suspensive effect. Due to the Austrian Financial Market Authority's threat of a substitute performance, announced on May 24, 2016, the audit findings of the Austrian Financial Market Authority were published in the "Wiener Zeitung" newspaper and on the company's

website on May 25, 2016, together with key sections of the justification for its findings pursuant to Section 5 (2) *RL-KG*. As of the date of this report, the company's appeal is still pending before the Austrian Federal Administrative Court.

Events after the balance sheet date

Associates:

On June 20, 2016, the shareholders of Ampega C-QUADRAT Fondsmarketing GmbH resolved to liquidate the company upon expiry of December 31, 2016. The company thus changed from being a company soliciting for business to one undergoing liquidation. The relevant announcement was provided in the Austrian Federal Gazette (*Bundesanzeiger*) on January 6, 2017.

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

Vienna, March 27, 2017

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

Thomas Riess, m.p.
Member of the Management Board

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

Independent Auditor's Report

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of C-QUADRAT Investment AG, Wien (the Company), and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the consolidated financial position as at December 31, 2016, and its consolidated financial performance and its consolidated cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements under section 245a UGB.

Basis for Opinion

We conducted our audit in accordance with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Recoverable value customer base

Description and Issue

As of December 31, 2016 intangible assets at group level amounting to EURk 12,291 mainly comprise of goodwill (EURk 4,451) and customer base (EURk 7,674).

Customer base results from the acquisition of CUK group (then BCM group) in 2012 and was recognised in the balance sheet at the beginning of FY 2013. It is amortised on a straight-line basis over ten years being the timeline for expected fee income based on the revenue-generating Assets under Management. As of the reporting date an analysis of triggering events for impairment of book value of customer base is performed. In this context the Company prepares analysis of

- main customers being part of customer base (representing 70% of fund volume as of acquisition date)
- corresponding Assets under Management and
- corresponding net provision income already generated and to be generated

starting with acquisition date until reporting date. Further, a forecast of these developments for the next three years is performed. Therefore, recoverable value of customer base is evaluated according to the expected time of customer retention as well as budgeted net fee and commission income on fund level. The expected time of customer retention and the expectations on future net fee and commission income are based on subjective judgement.

For the financial year 2016, the analysis of the company did not lead to identification of triggering events for an impairment of customer base.

We refer to the notes in V. 2 Notes to the balance sheet/ Impairment tests.

Considering the materiality for the financial statements as well as the high degree of estimation sensitivity regarding the underlying assumptions we identified recoverable value of customer base as key audit matter.

Our Response

We have critically reviewed the assumptions regarding customer retention for the forecast period based on the development of the number of customers and related Assets under Management since acquisition of the customer base. Further, we made plausibility checks on the development of the forecasted Assets under Management and related net fee and commission income based on historical development and economic outlook of the

relevant markets. In addition, we made a sensitivity analysis which changes in assumptions may lead to an impairment.

Other Information

Management is responsible for the other information. The other information contain all information in the annual report but does not include the consolidated financial statements, the management report and our auditor's report thereon. The annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the additional requirements under section 245a UGB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise

from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

The scope of the audit does not include assurance on the future viability of the Group or on the efficiency or effectiveness with which the management has conducted or will conduct the affairs of the Group.

As part of an audit in accordance with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial

statements represent the underlying transactions and events in a manner that give a true and fair view.

- We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Consolidated Management Report

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the consolidated management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the consolidated management report.

Opinion

In our opinion, the consolidated management report are prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB and is consistent with the consolidated financial statements.

Statement

In the light of the knowledge and understanding of the Group and its environment obtained in the course of our audit of the consolidated financial statements, we have not identified material misstatements in the consolidated management report.

Engagement Partner

The engagement partner responsible for the audit is Mag. Thomas Becker.

Vienna, March 27, 2017

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Thomas Becker, m.p.
Certified Public Accountant

ppa. Mag. Wolfgang Wurm, m.p.
Certified Public Accountant

This report is a translation of the original report in German, which is solely valid. Publication of the financial statements together with our auditor's opinion may only be made if the financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

C-QUADRAT Investment AG, Wien

Balance sheet as of December 31, 2016

ASSETS

	31.12.2016 EUR	31.12.2015 TEUR
A. Fixed assets		
I. Intangible assets		
1. Concession, commercial property rights and similar rights and advantages and Licences	78,674.47	79,498.04
II. Tangible assets		
1. Fixtures and fittings in third-party-buildings	954,018.07	1,081,220.50
2. Assets and office equipment	536,762.17	633,030.54
	<u>1,490,780.24</u>	<u>1,714,251.04</u>
III. Financial assets		
1. Investments in affiliated companies	25,003,265.80	25,002,356.80
2. Investments	5,762,500.00	6,388,551.70
3. Shares (value rights) of assets	570,266.85	476,300.00
	<u>31,336,032.65</u>	<u>31,867,208.50</u>
	32,905,487.36	33,660,957.58
B. Currents assets		
I. Accounts receivable and other assets		
1. Accounts receivable trade	21,657.74	62,291.19
<i>thereof with a remaining period of more than one year</i>	0.00	0.00
2. Accounts receivable affiliated companies	8,553,349.19	19,205,776.01
<i>thereof with a remaining period of more than one year</i>	3,101,050.44	0.00
3. Other accounts receivable and assets	592,726.00	130,518.40
<i>thereof with a remaining period of more than one year</i>	342,288.00	0.00
	<u>9,167,732.93</u>	<u>19,398,585.60</u>
II. Shares and holdings		
1. Other shares and holdings	0.00	15,450.00
III. Cash, bank deposits	4,694,288.60	5,826,680.48
	<u>13,862,021.53</u>	<u>25,240,716.08</u>
C. Accruals	82,950.40	89,069.74
	<u>46,850,459.29</u>	<u>58,990,743.40</u>

EQUITY AND LIABILITIES

	31.12.2016 EUR	31.12.2015 TEUR
A. Equity		
I. Issued capital	4,363,200.00	4,363,200.00
II. Capital reserve		
1. Appropriated	18,747,171.50	18,747,171.50
III. Capital reserve		
1. Statutory reserve	24,240.00	24,240.00
IV. Balance sheet profit	22,827,228.26	30,867,073.85
<i>thereof profit carried forward</i>	<u>13,414,273.85</u>	<u>8,894,155.67</u>
	45,961,839.76	54,001,685.35
B. Investment grants	187,500.00	212,500.00
C. Provisions		
1. tax provisions	13,562.00	3,933,680.00
2. other provisions	154,715.88	522,497.91
	<u>168,277.88</u>	<u>4,456,177.91</u>
D. Liabilities		
1. Liabilities to banks	19.63	0.00
<i>thereof with a remaining period up to one year</i>	19.63	0.00
2. Liabilities trade	73,430.82	119,448.58
<i>thereof with a remaining period up to one year</i>	73,430.82	0.00
3. Liabilities to affiliated companies	2,100.00	0.00
<i>thereof from trade accounts receivable</i>	2,100.00	0.00
<i>thereof with a remaining period up to one year</i>	2,100.00	0.00
4. Other liabilities	434,252.23	200,931.56
<i>thereof with a remaining period up to one year</i>	434,252.23	0.00
<i>thereof tax</i>	36,093.36	35,694.98
<i>thereof for social security</i>	<u>14,784.69</u>	<u>14,321.50</u>
	509,802.68	320,380.14
E. Accruals and deferrals	23,038.97	0.00
	<u>46,850,459.29</u>	<u>58,990,743.40</u>
Contingent liabilities	7,000.00	56,607.00

C-QUADRAT Investment AG, Wien

Income statement for the period January 1, 2016 until December 31, 2016

	2016 EUR	2015 TEUR
1. Revenues	868,011.34	1,074,973.75
2. Other revenues		
a) Income from reversal of provisions	51,013.88	3,238.00
b) others	391.73	349.52
	<u>51,405.61</u>	<u>3,587.52</u>
3. Personnel expenses		
a) Wages	-885,598.45	-1,122,890.48
b) Social expenses	-168,126.66	-190,223.01
aa) Expenses to employee pension fund	-13,049.66	-12,218.07
bb) Costs to legal social expenses and duties conditional to remuneration and compulsory contribution	-152,582.55	-175,594.85
	<u>-1,053,725.11</u>	<u>-1,313,113.49</u>
4. Depreciation		
a) on intangible assets and fixed assets	-323,905.77	-333,872.50
5. Other administrative expenses (non-personnel)		
a) tax, as not under Z 15	-243,720.21	-165,424.80
b) others	-2,456,919.02	-2,383,191.72
	<u>-2,700,639.23</u>	<u>-2,548,616.52</u>
6. Subtotal Z 1 until 5 (operating result)	<u>-3,158,853.16</u>	<u>-3,117,041.24</u>
7. Income from investments	11,998,376.90	24,499,945.00
<i>thereof affiliated companies</i>	4,740,384.68	16,039,945.00
8. Income from securities	30,082.19	18,410.97
<i>thereof affiliated companies</i>	0.00	0.00
9. Other interest and similar revenues	31,359.73	15,124.03
<i>thereof affiliated companies</i>	21,601.90	0.00
10. Income from disposal and attribution of financial assets and securities of current assets	286.50	147,257.95
11. Expenses from financial assets and securities of current assets	-41,528.66	-24,100.00
<i>thereof depreciation</i>	-18,750.00	-23,700.00
12. Interest and similar expense	-24.09	-57,973.53
<i>thereof affiliated companies</i>	0.00	-5,360.00
13. Subtotal Z 7 until 12 (finance result)	<u>12,018,552.57</u>	<u>24,598,664.42</u>
14. Result before tax	8,859,699.41	21,481,623.18
15. Taxes on income and revenues	553,255.00	491,295.00
16. Net profit after tax = Net profit	9,412,954.41	21,972,918.18
17. Profit carried forward	13,414,273.85	8,894,155.67
18. Balance sheet profit	<u>22,827,228.26</u>	<u>30,867,073.85</u>

Notes

Accounting policies

General principles

The annual financial statements were prepared in accordance with Sections 189ff of the Austrian Commercial Code (*Unternehmensgesetzbuch, UGB*), in compliance with generally accepted principles of bookkeeping and with the general standard of providing a true and fair view of the company's net assets, financial position and financial performance.

The annual financial statements were prepared in compliance with the principle of completeness, in accordance with the relevant statutory provisions.

The principle of individual measurement was applied when measuring individual assets and liabilities, which was carried out on a going concern basis.

The precautionary principle was adhered to by reporting only those profits that were actually realized as of the balance sheet date. All discernible risks and contingent losses were taken into account, where required by law.

Fixed assets

Intangible assets

Acquired intangible assets have been measured at cost less systematic amortization.

Systematic amortization has been recognized on a straight-line basis in accordance with the expected useful life. The following useful lives have been assumed for systematic amortization:

	Useful life in years
Industrial property rights plus similar rights and benefits	3 - 4

Property, plant and equipment

Depreciable property, plant and equipment has been measured at cost less systematic depreciation. Low-value assets of up to EUR 400.00 have been fully written off in the year of their addition.

Systematic depreciation has been recognized on a straight-line basis in accordance with the expected useful life. The following useful lives have been assumed for systematic depreciation:

	Useful life in years
Buildings on third-party land	9 - 10
Operating and office equipment	3 - 10

Financial assets

Financial assets have been measured at cost or their lower stock exchange prices as of the balance sheet date.

Extraordinary depreciation is only carried out when impairments are likely to be permanent.

Current assets**Receivables and other assets**

Receivables and other assets were recognized at their nominal value.

The lower fair value was recognized in the case of discernible individual risks.

Securities held as current assets are measured at cost or their lower stock exchange prices as of the balance sheet date.

Reserves**Tied-up capital reserves**

Pursuant to Section 229 (2) *UGB* amounts realized at the first-time or subsequent issuance of interests for an amount which exceeds the nominal value or the amount corresponding to the pro rata value of the share capital are reported as tied-up capital reserves.

Retained earnings

Pursuant to Section 229 (3) *UGB* amounts which are established in the financial year or a previous financial year through the net profit for the year (after allowing for the change in untaxed reserves) are recognized as statutory retained earnings.

No additions to the statutory reserves were made under Section 229 (6) *UGB* because the statutory maximum has already been reached.

Provisions**Tax provisions**

Tax provisions comprise a provision for taxes on income and earnings which have not yet been assessed.

Other provisions

Other provisions were established in the amounts necessary in order to fulfill the respective liability, according to the best possible estimate, and in compliance with the precautionary principle, in order to cover all risks discernible when the balance sheet was prepared as well as all liabilities of uncertain amount or basis. All provisions have a term of less than one year.

Liabilities

Liabilities have been recognized at the settlement amount, while applying the precautionary principle.

Currency conversion

Foreign currency receivables have been measured at the exchange rate on the date of acquisition or the lower currency buying rate as of the balance sheet date.

Foreign currency liabilities have been measured at the exchange rate on the date of acquisition or the higher currency selling rate as of the balance sheet date.

Changes to accounting policies

The accounting policies applied to date remained applicable for the preparation of these annual financial statements.

Comments on the balance sheet and the income statement

General disclosures

On the basis of the approval notice issued by the Austrian Financial Market Authority on July 6, 2015, the company relinquished its license pursuant to Section 3 (2) Item 1 and Section 3 (2) Item 3 of the Austrian Securities Supervision Act 2007 (*Wertpapieraufsichtsgesetz, WAG*). From the 2015 financial year onwards, the accounting, measurement and reporting of the individual items in the annual financial statements have been carried out in accordance with the provisions in Sections 189ff *UGB*. The income statement is laid out pursuant to Section 231 (2) *UGB*, in accordance with the nature of expense method.

Changes to form of presentation in relation to the previous year

The provisions for consultancy fees, audit and publication costs have been presented in greater detail. For this reason, they are only comparable with the previous year's figures to a limited extent.

The following presentational and classification changes have resulted within the scope of the changeover to the Austrian Act on Changes to Accounting (*Rechnungslegungsänderungsgesetz, RÄG*) 2014:

Fixed assets

The statement of changes in non-current assets has been adjusted in line with the requirements of *RÄG* 2014.

Income statement

Where applicable, other operating income has been reclassified to revenue.
Personnel expenses have been adjusted in line with *RÄG* 2014 in terms of their classification.

Notes on the balance sheet

Fixed assets

The following statement of changes in non-current assets shows the development of individual fixed asset items and the breakdown of annual depreciation by individual item:

	Cost		Cumulative depreciation			Carrying amount
	1/1/2016 12/31/2016 EUR	Additions Disposals EUR	1/1/2016 12/31/2016 EUR	Depreciation and amortization Appreciation in value EUR	Disposals EUR	1/1/2016 12/31/2016 EUR
Fixed assets						
Intangible assets						
Industrial property rights plus similar rights and benefits	272.568,87 310.918,99	38.350,12 0,00	193.070,83 232.244,52	39.173,69 0,00	0,00	79.498,04 78.674,47
Property, plant and equipment						
Buildings on third-party land	1.261.556,98 1.261.556,98	0,00 0,00	180.336,48 307.538,91	127.202,43 0,00	0,00	1.081.220,50 954.018,07
Operating and office equipment	1.044.579,11 1.101.361,52	61.261,30 4.478,89	411.548,57 564.599,35	157.529,65 0,00	4.478,87	633.030,54 536.762,17
	2.306.136,09 2.362.918,50	61.261,30 4.478,89	591.885,05 872.138,26	284.732,08 0,00	4.478,87	1.714.251,04 1.490.780,24
Financial assets						
Shares in related companies	25.002.356,80 25.003.265,80	909,00 0,00	0,00 0,00	0,00 0,00	0,00	25.002.356,80 25.003.265,80
Investments	6.388.551,70 5.762.500,00	0,00 626.051,70	0,00 0,00	0,00 0,00	0,00	6.388.551,70 5.762.500,00
<i>of which shares in associates</i>	6.388.551,70 5.762.500,00	0,00 626.051,70	0,00 0,00	0,00 0,00	0,00	6.388.551,70 5.762.500,00
Investments (book-entry securities) held as fixed assets	500.000,00 612.716,85	112.716,85 0,00	23.700,00 42.450,00	18.750,00 0,00	0,00	476.300,00 570.266,85
	31.890.908,50 31.378.482,65	113.625,85 626.051,70	23.700,00 42.450,00	18.750,00 0,00	0,00	31.867.208,50 31.336.032,65
Total fixed assets	34.469.613,46 34.052.320,14	213.237,27 630.530,59	808.655,88 1.146.832,78	342.655,77 0,00	4.478,87	33.660.957,58 32.905.487,36

Disclosures concerning financial instruments

No derivative financial instruments were held in the past financial year.

Investments within the meaning of Section 189a Item 2 *UGB*

Company name	Headquarters	Interest	Equity € '000	Last net profit/loss for the year € '000	Reporting date
C-QUADRAT Kapitalanlage AG	Vienna	100%	6,850	3,867	12/31/2016
C-QUADRAT Deutschland GmbH	Frankfurt	100%	161	26	12/31/2016
C-QUADRAT Asset Management GmbH	Vienna	74.9%	2,815	1,653	12/31/2016
C-QUADRAT Luxembourg SA	Luxembourg	100%	1,871	-23	12/31/2016
ARTS Asset Management GmbH	Vienna	45%	7,930	6,481	12/31/2016
Ampega C2 Fondsmarketing GmbH	Frankfurt am M.	50%	113	88	12/31/2016
C-QUADRAT Ampega Asset Mgmt Armenia LLC	Yerevan	74.9%	996	110	12/31/2016
C-QUADRAT US Real Estate LLC	Wilmington	100.0%	21	19	12/31/2016

Other receivables and assets

The "Other receivables and assets" item comprises significant income which will only result in cash inflows after the balance sheet date.

This relates to the following items:

	12/31/2016 € '000	12/31/2015 € '000
Receivables from intercompany charges	32	0
Clearing account Management Board	12	2
Clearing account Daimler AG/value added tax portfolio	0	11
Security deposits	0	0
Other receivables	34	32
Purchase price claim	513	0
Pending financial transactions	0	4
Value added tax payable	0	80
Offsetting tax office	0	0
Payroll accounting	1	0
	<u>593</u>	<u>131</u>

Deferred taxes

Deferred tax assets and liabilities are determined on the basis of the 25% tax rates which are expected to apply at the time of settlement of the tax burden or of tax relief.

The following differences (or deferred taxes) apply between the carrying amounts recognized under corporate law and tax law:

Designation	Value corporate law	Value tax law	Difference
Property, plant and equipment	0	76	76
Investments	1,476	1,327	-149
Recognized one-seventh depreciation of investments	0	20	20

The deferred tax liability resulting from first-time application of *RÄG* 2014, in the amount of EUR 14 thousand, has been fully made up for in the financial year.

Development of investment subsidies:

C-QUADRAT Investment AG received a subsidy from its landlord in the amount of EUR 250 thousand for the investments made within the scope of its relocation to its Schottenfeldgasse office. The investment subsidy has been utilized within the fixed assets items as follows:

	As of 1/1/2016 € '000	Utilization € '000	As of 12/31/2016 € '000
Investment subsidies	213	25	188

Provisions

Makeup and development of provisions:

	As of 1/1/2016 € '000	Appropriation € '000	Reversal € '000	Allocation € '000	As of 12/31/2016 € '000
Provisions					
Tax provisions					
Provision for corporate income tax	3,934	3,934	0	0	0
Previous year	3,567	3,567	0	3,934	3,934
Provision for deferred taxes	0	0	0	14	14
Previous year	0	0	0	0	0
	3,934	3,934	0	14	14
Previous year	3,567	3,567	0	3,934	3,934
Other provisions					
Provisions, miscellaneous	7	7	0	12	12
Previous year	7	7	0	7	7
Provision for vacation not taken	5	5	0	3	3
Previous year	3	3	0	5	5
Provision for premiums	410	310	100	25	25
Previous year	401	351	49	410	410
Provision for time account balance	3	3	0	2	2
Previous year	3	3	0	3	3
Provision for consultancy costs	0	0	0	3	3
Previous year	0	0	0	0	0
Provision for bookkeeping costs/ tax-consulting expenses	0	0	0	53	53
Previous year	0	0	0	0	0
Provision for audit costs/ balance-sheet publication	0	0	0	7	7
Previous year	0	0	0	0	0
Provision for legal and consultancy fees	42	42	0	0	0
Previous year	98	94	3	42	42
Provision for auditing	54	54	0	49	49

C-QUADRAT Investment AG

Previous year	54	54	0	54	54
	522	423	100	155	155
Previous year	564	512	52	522	522
Total provisions	4,456	4,356	100	168	168
Previous year	4,132	4,080	52	4,456	4,456

Other liabilities

“Other liabilities” include significant amounts which have been recognized as expense but which will only flow in the following year.

This relates to the following expenses:

	12/31/2016 € '000	12/31/2015 € '000
Value added tax payable	2	0
Offsetting tax office	0	11
Offsetting wage tax	28	20
Liabilities employer's contribution (<i>DB</i>), addition to employer's contribution (<i>DZ</i>), municipal tax (<i>KommSt</i>), employer's charge (<i>DGA</i>)	6	5
Liabilities for regional health insurance scheme (<i>Gebietskrankenkasse</i>)	15	14
Other miscellaneous liabilities	383	151
	434	201

Contingent liabilities

The balance sheet as of December 31, 2016 includes contingent liabilities in the amount of EUR 7 thousand. C-QUADRAT Investment AG has assumed liability for the obligations of the two CUK holding companies C-QUADRAT UK Ltd. and C-QUADRAT Bluestar Ltd. in the amount of EUR 7 thousand (previous year: EUR 57 thousand).

Obligations relating to the use of property, plant and equipment not reported in the balance sheet

In addition to the liabilities reported in the balance sheet, there are also other financial obligations totaling EUR 100 thousand (previous year: EUR 145 thousand).

These obligations relate specifically to the following items:

	Overall obligation € '000	Up to 1 year € '000	Up to 5 years € '000
Leasing liabilities	38	20	18
Previous year	59	20	39
Rent liabilities	61	25	37
Previous year	86	24	61

Notes to the income statement

The income statement has been prepared in accordance with the nature of expense method.

Revenue has the following makeup:

	2016 € '000	2015 € '000
Revenue		
Trail fees	36	106
Other revenues	28	32
Intra-Group charges	804	937
Discounts	0	0
	<u>868</u>	<u>1,075</u>

Taxes on income and earnings

Taxes on income and earnings result from normal business operations and include the tax apportionment in the amount of EUR 1,576 thousand (previous year: EUR 4,977 thousand) which is payable to the group parent under the group agreement, as well as deferred taxes.

Other disclosures

Business objective:	According to its articles of association last amended September 21, 2015, the company has the following business objectives: <ol style="list-style-type: none">1. the purchase, sale and brokerage of real estate and management of the Company's own developed and undeveloped properties;2. brokerage of equity interests;3. management consultancy;4. the acquisition, holding and disposal and the management of investments, participations in other domestic and foreign companies;5. the execution/operation, acquisition and brokerage of all transactions and firms associated with the Company's purpose of business and the establishment of branch offices and subsidiaries in Austria and other countries.
Established:	November 25, 1991
Financial year:	January 1, 2016 to December 31, 2016
Legal form:	Stock corporation
Registered office:	Vienna
Address:	Schottenfeldgasse 20, 1070 Vienna
Size category:	Pursuant to Section 221 (4) <i>UGB</i> , application of the provisions for major corporations
Companies register:	Vienna Commercial Court, Companies Register No. 55148a
Share capital:	The share capital of the company comprises 4,363,200 no-par-value shares and thus amounts to EUR 4,363,200.00

Corporate relations

As the parent company of the Group, C-QUADRAT Investment AG, Vienna, prepares the consolidated financial statements. They are published on the company's website (www.investmentfonds.at).

Executive bodies and employees of the company

Members of the Management Board:	Name	Representation	since
	Cristobal Mendez de Vigo zu Loewenstein	Collective	7/15/2015
	Thomas Riess	Collective	4/1/2012
	Gerd Alexander Schütz	Collective	10/16/1998

The total remuneration of the members of the Management Board amounted to EUR 693 thousand (previous year: EUR 723 thousand).

Members of the Supervisory Board:	Name	since	to
	Dr. Hubert Cussigh	5/27/2010	
	Franz Fuchs (Vice-Chairman)	8/27/2004	
	Klemens Hallmann	5/8/2015	
	Dr. Marcus Mautner Markhof (Chairman)	9/27/2010	
	Harry Ploemacher	5/27/2011	
	Walter Schmidt	5/27/2011	5/13/2016
	Dr. Fritz Schweiger	9/5/2001	

The members of the Supervisory Board were paid remuneration in the amount of EUR 71 thousand (previous year: EUR 74 thousand).

Loans/advances were granted to members of the Management Board, as reported below:

Development of loans/advances	2016	2015
	€ '000	€ '000
Member of the Management Board		
Loans/advances to date	2	0
Interest in current reporting year	0	0
Newly granted in reporting year	53	39
Repayments in reporting year	-43	-37
	<u>12</u>	<u>2</u>

Loans/advances exclusively consist of payments on account for travel expenses. The company has not entered into any contingent liabilities for the members of the Management Board and the Supervisory Board.

The following table shows the average number of employees, broken down into blue- and white-collar employees:

	2016	2015
Blue-collar employees	<u>0</u>	<u>0</u>
White-collar employees	<u>9</u>	<u>8</u>
Total	<u><u>9</u></u>	<u><u>8</u></u>

Expenses for payments to staff pension funds:

In the financial year under review, expenses for payments to staff pension funds were as follows:

	2016	2015
	€ '000	€ '000
Members of the Management Board	7	7
Other employees	6	5
	13	12

Other disclosures

Stock market: The shares of the company have been listed since November 24, 2006 on the Official Market of the Frankfurt Stock Exchange, in the Regulated Market (previously: Prime Standard) market segment, with the following level of transparency: Prime Market.

Stock exchange symbol: C8I
 German securities
 identification no. (WKM): A0HG3U
 ISIN: AT0000613005
 Type of shares: no-par-value shares

The shares of C-QUADRAT Investment AG were admitted to official trading on the Vienna Stock Market (Prime Market segment) on May 16, 2008. Due to non-fulfillment of the Prime Market requirements in respect of minimum free float, the shares of C-QUADRAT Investment AG were delisted from the Prime Market on March 20, 2009 and from then until the end of March 2009 were reassigned to the Standard Market Continuous segment, before the shares were reassigned to the Standard Market Auction in early April 2009.

Taxes: The company functions as the group parent of a tax group within the meaning of Section 9 (8) of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz, KStG*).

1. Group parent
C-QUADRAT Investment AG,
Vienna Tax Office 1/23
2. Group member since 2009
C-QUADRAT Kapitalanlage AG
Vienna Tax Office 1/23
3. Group member since 2013
C-QUADRAT Asset Management GmbH (previously Absolute Portfolio
Management GmbH)
Vienna Tax Office 1/23

The following procedure has been agreed in accordance with the tax contribution agreement for handling positive and negative tax contributions, for fair apportionment of the corporate income tax burden:

Positive tax contribution

If the group member allocates positive income within the meaning of Section 9 (6) Item 1 *KStG* to the group parent (i.e. after deduction of pre-group and non-group losses), the group member must make a positive tax contribution to the group parent. On the basis of estimated results, all of the members of the group assume that, without the group, each individual company would probably bear a larger burden. The group parent also considers that its position is better than in case of a standalone assessment.

The tax contribution corresponds to the aggregate of the following amounts:

(a) 25% of the allocated positive income of the group member which is covered by the aggregate positive result of the group parent within the meaning of Section 9 (6) Item 2 last clause *KStG* (after offsetting with loss carryforwards of the group parent). The obligation to provide a 25% tax contribution is limited to the portion of the actual tax payment resulting from the ratio of the positive income allocated to the group member and the total positive income and

(b) 18% of the allocated positive income of the group member which is offset with any negative tax result for the group parent and/or a loss carryforward of the group parent. In case of a negative aggregate result for the group parent within the meaning of Section 9 (6) Item 2 last clause *KStG*, the positive tax contribution will exclusively be determined on the basis of this section (b). In the event of the allocated positive income of multiple group members exceeding the negative result of the group parent, the positive results of the group members will be considered in percentage terms.

The positive tax contribution in the amount of 25% of the positive income of the group member is based on the tax rate laid down in Section 22 (1) *KStG*, as amended, Austrian Federal Law Gazette 2004/57. Future changes in the rate of corporate income tax will lead to a proportionate adjustment in the tax contributions calculated.

Negative tax contribution, final settlement

If the group member allocates negative income within the meaning of Section 9 (6) Item 1 *KStG* to the group parent, the group parent must make a negative tax contribution to the group member in the amount of 25% of the allocated negative income insofar as this allocated negative income is covered by an aggregate positive result for the group parent within the meaning of Section 9 (6) Item 2 *KStG* before application of Section 7 (2) *KStG* (i.e., in particular, before deduction of special expenses).

The group parent must document the portion of the allocated negative income of the group member which is not covered by the group parent's aggregate positive result within the meaning of Section 9 (6) Item 2 *KStG* prior to application of Section 7 (2) *KStG* (i.e., in particular, before deduction of special expenses) and which thus leads to, or increases, a negative aggregate result ("documented loss carryforward") and must offset this against any positive income of the group member that is allocated to the group parent in subsequent financial years. Subject to Item 2.2.3, a final settlement (settlement payment) will be made upon termination of the corporate group.

If, upon termination of the corporate group or the group member's withdrawal from the corporate group, following a minimum period pursuant to Section 9 (10) 1st dash KStG negative income of the group member which has already been allocated to the group parent (documented loss carryforward) has not yet been offset pursuant to Item 2.2.2. against positive income of the group member that is allocated to the group parent in subsequent financial years, a final settlement must be made as outlined below:

A settlement payment is to be calculated in the amount of the present value of the (fictitious) future tax relief which the group member would likely realize by claiming the remainder of this loss carryforward. The discount for calculation of the present value of the (fictitious) future tax relief will be determined on the date of the group member's withdrawal from the corporate group or on the date of the corporate group's termination, on the basis of an appropriate interest rate tied to the 3-month EURIBOR – or a similar reference interest rate at this time – plus 3% p.a.

The group parent must make the negative tax contribution (settlement payment) to the group member within 30 days of rendering of accounts. An auditor and/or a tax consultant or an audit firm or a tax consulting firm will determine the settlement payment, i.e. calculate the negative income not yet equalized, the appropriate interest rate, the present value and the final settlement payable.

Disclosures concerning the type of shares

The company's shares are no-par-value shares, each of which represents an equal interest in the share capital. The shares may be issued in bearer or registered form, unless registered shares are mandatorily required by law. Shares are indivisible. If a decision to increase the share capital does not specify whether the new shares are to be bearer or registered shares, they shall be issued as bearer shares.

The share buyback program announced by the Management Board on September 9, 2015 on the basis of an authorization granted by the Annual General Meeting on May 8, 2015 – which envisaged the repurchase of a total of 218,160 shares, i.e. 5% of the share capital at that time – was prematurely ended through the resolution passed by the Management Board on October 18, 2016 on account of the change in the framework conditions due to the completion of the takeover (its original term was to expire on October 31, 2017).

The company did not purchase any treasury shares within the scope of its prematurely ended share buyback program.

Appropriation of earnings

The Management Board proposes that C-QUADRAT Investment AG's balance sheet profit of EUR 22,827 thousand be appropriated as follows: A dividend of EUR 1.50 is to be distributed for each eligible no-par-value share, while the remaining balance sheet profit is to be carried forward to new account.

Special events

FMA enforcement proceedings:

The consolidated half-yearly financial statements as of June 30, 2013, the consolidated financial statements as of December 31, 2013 and the consolidated half-yearly financial statements as of June 30, 2014 of C-QUADRAT Investment AG were audited by the Austrian Financial Reporting Enforcement Panel

(*Österreichische Prüfstelle für Rechnungslegung, OePR*) in the period from May 5, 2014 to November 5, 2014. The Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde, FMA*) took charge of the proceedings on March 12, 2015, audited these same financial statements in the period from March 24, 2015 to December 23, 2015 and notified the company of its audit findings in its assessment notice of December 23, 2015, which the company received on December 28, 2015.

The Management Board of C-QUADRAT Investment AG lodged an appeal in good time before the Austrian Federal Administrative Court (*Bundesverwaltungsgericht, BVwG*) against the Austrian Financial Market Authority's audit findings notified in its assessment notice of December 23, 2015 and against the Austrian Financial Market Authority's notice of March 23, 2016 regarding the notification of errors identified as well as an application for recognition of their suspensive effect. Due to the Austrian Financial Market Authority's threat of a substitute performance, announced on May 24, 2016, the audit findings of the Austrian Financial Market Authority were published in the "Wiener Zeitung" newspaper and on the company's website on May 25, 2016, together with key sections of the justification for its findings pursuant to Section 5 (2) *RL-KG*. As of the date of this report, the company's appeal is still pending before the Austrian Federal Administrative Court.

Shareholder structure/takeover offer:

In addition to the reporting on the events after the balance sheet date provided in the audited annual financial statements as of December 31, 2015, the following changes have resulted in terms of the company's shareholder structure and a takeover offer.

As previously announced, on April 5, 2016 Cubic (London) Limited, London (UK), ("Cubic" or the "Offeror") – which is jointly owned by San Gabriel Privatstiftung and T.R. Privatstiftung, each of which holds half of the interests in this company – published an anticipated mandatory offer pursuant to Sections 22ff of the Austrian Takeover Act (*Übernahmegesetz, ÜbG*) to the shareholders of C-QUADRAT Investment AG (ISIN AT0000613005) (the "Offer"), with an offer price of EUR 60.00 per no-par-value share. Due to the non-delivery agreements which certain core shareholders concluded with the Offeror, the Offer actually related to 411,694 C-QUADRAT shares, i.e. approx. 9.44% of the company's issued share capital. In addition to its Offer, the Offeror acquired a further 1,095,162 C-QUADRAT shares, i.e. 25.1% of the issued share capital, from the previous core shareholder Talanx Asset Management GmbH. The Offer and this parallel acquisition were subject to the condition precedent of clearance by the competent supervisory authorities. Up to the end of the acceptance period on June 14, 2016, a total of 132,487 C-QUADRAT shares had been submitted for sale, i.e. approx. 3.04%. The necessary condition was fulfilled on June 22, 2016. The grace period following notification of the result ended on October 12, 2016.

According to the voting right notification pursuant to Section 93 (2) of the Austrian Stock Market Act (*Börsengesetz, BörseG*) of October 25, 2016, upon completion of the takeover the Offeror held a total of 33.00% of the voting rights in the company. Since the remaining free float of the company currently amounts to approx. 1.54%, the preconditions for stock-exchange listing continue to apply.

Events after the balance sheet date

Associates:

On June 20, 2016, the shareholders of Ampega C-QUADRAT Fondsmarketing GmbH resolved to liquidate the company upon expiry of December 31, 2016. The company thus changed from being a company soliciting for business to one undergoing liquidation. The relevant announcement was provided in the Austrian Federal Gazette (*Bundesanzeiger*) on January 6, 2017.

Expenses for the auditor

The expenses incurred for the auditor in the past financial year amount to a total of EUR 81 thousand. Of this amount, EUR 41 thousand related to the audit of the annual financial statements and EUR 40 thousand to other consultancy services.

C-QUADRAT Investment AG

Vienna, March 27, 2017

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

Thomas Riess, m.p.
Member of the Management Board

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

**Management Report
C-QUADRAT Investment AG
on the Annual Financial Statements as of December 31, 2016**

Review of the economic situation and the capital markets in 2016

The start of the year 2016 was characterized by weak stock markets and a high level of volatility. Global stock market trends were influenced, in particular, by the negative development of the Chinese markets. From the 2nd quarter onwards, in view of deflationary tendencies the ECB sought through various measures to extend the scope of its monetary expansion, both in point of time and also its volume. This significantly stabilized the markets. However, this phase was only short-lived, since the outcome of the EU referendum in the United Kingdom – withdrawal from the EU (“Brexit”) – resulted in a further rise in volatility and a correction on the financial markets. From the middle of the year onwards, the markets recovered and subsequently stabilized. The unexpected outcome of the American presidential election triggered a pronounced year-end rally on the stock exchanges.

Business development and situation of the company

The company can look back on a satisfactory 2016 financial year. The net profit for the year amounts to EUR 9,413 thousand (previous year: EUR 21,973 thousand). Due to the fact that a considerably lower volume of performance-related management fees was generated in 2016 than in previous years – on account of the more difficult, volatile markets – income from shares in related companies and income from shares in associates are both significantly lower than in the previous year.

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.

As of the balance-sheet date, the principal shareholders are Cubic (London) Limited (33.00%), T.R. Privatstiftung (20.20%) and San Gabriel Privatstiftung (15.68%), with the latter two entities holding a majority interest in Cubic (London) Limited and being parties to a syndication agreement. Laakman Holding Ltd. and Hallmann Holding International Investment GmbH also have interests in C-QUADRAT Investment AG (17.28% and 9.99% respectively).

The share buyback program announced by the Management Board on September 9, 2015 on the basis of an authorization granted by the Annual General Meeting on May 8, 2015 – which envisaged the repurchase of a total of 218,160 shares, i.e. 5% of the share capital at that time – was prematurely ended through the resolution passed by the Management Board on October 18, 2016 on account of the change in the framework conditions due to the completion of the takeover (its original term was to expire on October 31, 2017). The company did not purchase any treasury shares within the scope of its prematurely ended share buyback program.

C-QUADRAT Investment AG does not have any branch offices within the meaning of Section 243 (3) No. 4 *UGB*.

All other disclosures required by Section 243a *UGB* are either not applicable to the company or derive from law.

Income statement

In the 2016 financial year, proceeds from follow-up brokerage commission in other countries fell by EUR 134 thousand or 62.6%, from EUR 214 thousand to EUR 80 thousand; reimbursements from follow-up brokerage commission also decreased, by EUR 65 thousand or 59.7% from EUR 108 thousand to EUR 44 thousand. Net revenue thus amounts to EUR 36 thousand (2015: EUR 106 thousand). Pass-through revenue amounts to EUR 804 thousand (2015: EUR 937 thousand).

Personnel expenses decreased by EUR 259 thousand or 19.8%, from EUR 1,313 thousand to EUR 1,054 thousand. Other operating expenses (excl. non-deductible input tax) amount to EUR 2,457 thousand and are thus slightly higher than the previous year's level of EUR 2,383 thousand. The SLA

with Ampega C-QUADRAT Fondsmarketing GmbH – which has been reported under other operating expenses, in the item SLA, other countries “rc” – has decreased by EUR 48 thousand or 8.7%, from EUR 546 thousand to EUR 499 thousand.

The developments outlined above led to an operating profit of EUR -3,159 thousand (2015: EUR -3,117 thousand) in the 2016 financial year. Income from investments has provided by far the largest contribution to net income for the year, in the amount of EUR 11,998 thousand (2015: EUR 24,500 thousand). Income from investments thus showed a significant year-on-year decrease of EUR 12,502 thousand or 51.0%. This is due to the fact that in the difficult and volatile stock market year 2016 only a low volume of performance-related management fees were generated by comparison with the previous year. After including further items in the financial result such as interest income and interest expenses, the company realized pre-tax earnings of EUR 8,860 thousand (2015: EUR 21,482 thousand). A group taxation arrangement with C-QUADRAT Kapitalanlage AG and C-QUADRAT Asset Management GmbH has resulted in a tax credit for the company in the amount of EUR 553 thousand (2015: EUR 491 thousand), leading overall to a net profit for the year of EUR 9,413 thousand (2015: EUR 21,973 thousand). After allowing for a profit carryover and a distribution with a net value of EUR 13,414 thousand (2015: EUR 8,894 thousand), this has resulted in a distributable balance sheet profit of EUR 22,827 thousand (2015: EUR 30,867 thousand).

Balance sheet

The balance sheet total as of December 31, 2016 amounts to EUR 46,850 thousand and has decreased by EUR 12,140 thousand or 20.6% in relation to the balance sheet total as of December 31, 2015 (December 31, 2015: EUR 58,991 thousand). The company has securities which may be liquidated at any time in the amount of EUR 458 thousand (December 31, 2015: EUR 492 thousand). Receivables from related companies mainly consist of a receivable from C-QUADRAT Kapitalanlage AG due to the group taxation arrangement in the amount of EUR 202 thousand (December 31, 2015: EUR 4,251 thousand). Moreover, other intercompany (IC) receivables amount to EUR 4,740 thousand (December 31, 2015: EUR 14,090 thousand). This item comprises the dividends due to subsidiaries from the same period. In 2016, receivables from C-QUADRAT US Real Estate LLC totaling EUR 2,899 thousand (December 31, 2015: EUR 0 thousand) were a further item. The profit for the year and the profit carryover are the largest items on the liabilities side of the balance sheet. The profit for the year amounts to EUR 9,413 thousand (December 31, 2015: EUR 21,973 thousand), while the profit carryover less the distribution amounts to EUR 13,414 thousand (December 31, 2015: EUR 8,894 thousand).

Contingent liabilities

C-QUADRAT Investment AG has assumed liability for the obligations of the two holding companies C-QUADRAT UK Ltd. and C-QUADRAT Bluestar Ltd. of the CUK Group (previously BCM) in the amount of EUR 7 thousand (previous year: EUR 57 thousand).

Key performance figures

The company had an average of 10 employees on its payroll over the past financial year (2015: 10 employees).

As well as training provided for new employees immediately upon joining the company, two compliance training sessions were held for the company's employees in the 2016 financial year (1st and 2nd half of the year). The issue of “compliance” was outlined and presented in terms of all its various aspects and its implications in relation to the company's internal compliance policy and its other internal policies. “Gifts and information for (potential) clients”, “Handling of insider information” (“Market abuse”) and “Prevention of money laundering and financing of terrorism” were special topics covered.

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. In addition, investors are less willing to buy securities and fee and commission income falls due to the smaller volume of assets under management. This risk is actively tackled by means of diversification in the field of the company's investments. Moreover, on the one hand the company counters this risk in relation to its subsidiaries, by diversifying operations through the development of new products and by expanding sales to institutional customers and savings banks. On the other, this risk is countered 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.

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 Board 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 companies 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 teams 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 and segment reporting, budgets, budget comparisons, forecasts and forecast comparison), a report on the revenue-generating volume (assets under management), sales statistics and liquidity planning. The internal accounting department and the external accountant closely cooperate in conducting ongoing target/actual comparisons 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 Board members.

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

As a rule, the main financial instruments used by C-QUADRAT Investment AG are financial investments in ordinary and preference shares, shares in investment funds, equity interests, cash and cash equivalents and finance leases. The main purpose of these financial instruments is to finance the business activities of the company. In the 2016 financial year, as in previous years the company did not hold any derivative financial instruments such as options, interest rate swaps or forward exchange transactions, either to hedge interest and foreign exchange risks, or for trading purposes.

The principal risks to which the company 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, as described in the following.

Cash flow risks relating to interest rates

The company does not have any significant liabilities to banks. For this reason, the company is not exposed to any risk associated with fluctuating market interest rates. Accordingly, no hedges were used to eliminate an interest rate risk.

Foreign exchange risk

The company's business operations are mainly carried out within the Eurozone. This is also true of its other subsidiaries, with the exceptions of the business activities of C-QUADRAT Ampega Asset Management Armenia LLC and some of the business activities of the C-QUADRAT UK Group. In the 2016 financial year the company suffered foreign-currency exchange losses in the amount of EUR 0 thousand (2015: EUR 0 thousand). C-QUADRAT Asset Management (UK) LLP has entered into a GBP vs. EUR hedge in order to minimize the foreign exchange risk.

Credit risk

As a general rule, the company only concludes transactions with recognized and creditworthy third parties. As a rule, all customers wishing to trade with the company on credit terms are subjected to a credit assessment. Receivables are also monitored continuously, so as to control and thus reduce the company's default risk. If there is objective evidence that an impairment loss on a receivable has been incurred, this impairment will correspond to the difference between the asset's carrying amount and the present value of estimated future cash flows (discounted at the financial asset's original effective interest rate). This will reduce the asset's carrying amount accordingly. In the event of counterparty default, the maximum default risk for the company's other financial assets – such as cash and cash equivalents – amounts to the corresponding instruments' carrying amount. Since the company concludes transactions only with third parties who are recognized and creditworthy, as a rule 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 the balance sheet date, as well as securities which may be liquidated at any time in the amount of EUR 458 thousand (December 31, 2015: EUR 492 thousand) the company has cash and cash equivalents in the amount of EUR 4,694 thousand (December 31, 2015: EUR 5,827 thousand), which is equivalent to approx. 10.02% of the balance sheet total (December 31, 2015: 9.88%).

Outlook for the company

As always, the company's revenue trend depends on events on the international financial markets. The company is well placed for 2017. The company has a portfolio of competitive products and enjoys a solid financial footing and can thus justifiably look forward to the year 2017 with confidence.

The company plans to further expand its activities, in particular in the field of product development and marketing, and to address investors' basic needs even more strongly than previously. At the same time, sales activities will be further developed in the company's core markets of Germany and Austria,

while (further) 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 in 2017, thus enabling the increase in assets under management planned for 2017.

In overall terms, C-QUADRAT Investment AG envisages another positive performance in 2017.

Vienna, March 27, 2017

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

Thomas Riess, m.p.
Member of the Management Board

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

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of C-QUADRAT Investment AG, Wien (the Company), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, for the financial year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position as at December 31, 2016, and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

Basis for Opinion

We conducted our audit in accordance with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Recoverable value of financial assets

Description and Issue

As of December 31, 2016, financial assets with book value EURk 31,336 mainly comprise of shares in affiliated companies (EURk 25,003) and participations (EURk 5,763).

The Company performed impairment tests for the material financial assets using Discounted Cash Flow approach to challenge the recoverability of the carrying amounts. This approach requires estimates of future Cash Flows of the entities and the determination of an adequate discount rate. The latter includes determination of a risk surplus, derived from capital market data from Peer Group entities, if available. The future results of the entities are partially dependent of the very volatile development of the market prices of Assets under Management and thus can be forecasted only under substantial uncertainty.

Hence, the impairment tests are performed using uncertain judgments and estimations, subject to uncertainty. Therefore, impairment tests for financial assets were identified as key audit matter.

Details on financial assets can be found in the notes to the balance sheet/financial assets.

Our Response

The adequacy of the valuation model and the applied discount rates were challenged by our capital market experts based on the requirements of the Austrian Expert Opinion on Company Valuation (KFS/BW 1) and current capital market data. Further, mathematical accuracy of the calculation was reviewed.

We have critically reviewed the main assumptions and estimates of the calculation and compared the underlying assumptions with actual performance and the planning accuracy in former years. We discussed the forecasts with management and responsible staff and made plausibility checks using internal and external projections.

Other Information

Management is responsible for the other information. The other information contain all information in the annual report but does not include the financial statements, the management report and our auditor's report thereon. The annual report is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Austrian Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The scope of the audit does not include assurance on the future viability of the Company or on the efficiency or effectiveness with which the management has conducted or will conduct the affairs of the Company.

As part of an audit in accordance with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that give a true and fair view.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Management Report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the management report.

Opinion

In our opinion, the management report are prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB and is consistent with the financial statements.

Statement

In the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit of the financial statements, we have not identified material misstatements in the management report.

Engagement Partner

The engagement partner responsible for the audit is Mag. Thomas Becker.

Vienna, March 27, 2017

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Thomas Becker, m.p.
Certified Public Accountant

ppa. Mag. Wolfgang Wurm, m.p.
Certified Public Accountant

This report is a translation of the original report in German, which is solely valid. Publication of the financial statements together with our auditor's opinion may only be made if the financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

Statement by all statutory representatives pursuant to Section 82 (4) No. 3 of the Stock Market Act (BörseG)

We confirm to the best of our knowledge that the consolidated financial statements as of December 31, 2016 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 group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

We confirm to the best of our knowledge that the separate financial statements as of December 31, 2016 give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, March 2017

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

Mag. Thomas Riess, m.p.
Member of the Management Board

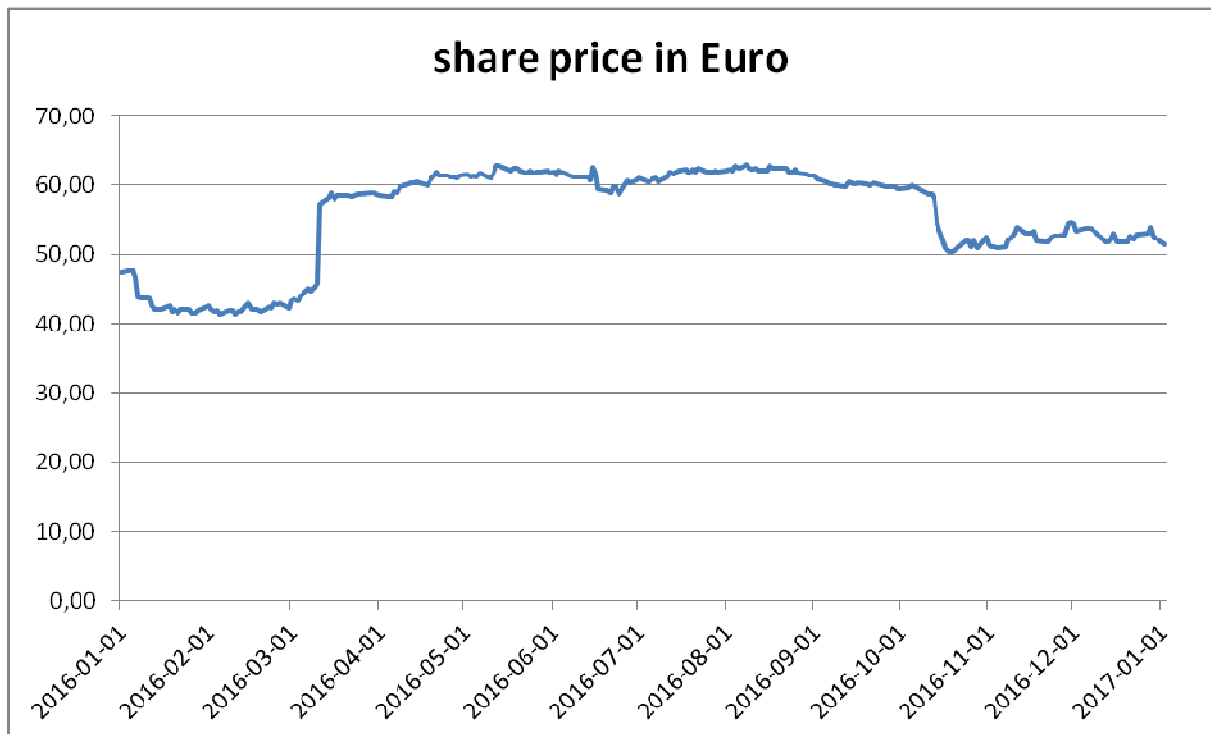
Cristobal Mendez de Vigo, m.p.
Member of the Management Board

FINANCIAL CALENDAR 2017

March 31st, 2017	Results 2016
April 25th, 2017	record-date for the AGM
May 05th, 2017	Annual General Meeting (AGM)
May 10th, 2017	Dividend ex date
May 15th, 2017	Interim report as of March 31, 2017
May 16th, 2017	Dividend payment date
August 21st, 2017	Interim report as of June 30, 2017
November 13th, 2017	Interim report as of September 30, 2017

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

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



Frankfurt Xetra, Jan. 01, 2016 – Dec. 31, 2016

CONTACT

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PUBLISHER'S NOTES

C-QUADRAT Investment AG

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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.