Annual Financial Statement 2015

the asset manager

acc. to par. 82 (4) stock exchange act

C-QUADRAT Investment AG

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C-QUADRAT Investment AG

CONSOLIDATED INCOME STATEMENT

for the period January 1, 2015 to December 31, 2015

	Notes	2015	2014
		TEUR	*TEUR*
Fee and commission income	IV.1	83,293	93,940
Other operating income	IV.2	520	959
Operating income		**83,813**	**94,900**
Fee and commission expenses	IV.1	-43,419	-51,915
Personnel expenses	IV.3	-11,083	-11,705
Other administrative expenses	IV.4	-8,786	-8,678
Other operating expenses	IV.5	-808	-1,030
Operating profit before depreciation		**19,717**	**21,572**
Depreciation	IV.6	-1,991	-1,892
Operating profit		**17,727**	**19,681**
Income from associates	V.3	7,443	8,512
Financial revenue	IV.8	336	3,408
Finance expenses	IV.9	-176	-4,463
Profit before taxes		**25,330**	**27,138**
Taxes	IV.10	-4,598	-4,779
Net Profit for the period		**20,731**	**22,359**
thereof parent		20,048	21,832
thereof minorities	III.	683	527
Earnings per share of the continued operation	IV.11	*EUR*	*EUR*
- undiluted and diluted, for the profit/loss attibutable to the holders of ordinary shares in the company		4.59	5.05

C-QUADRAT Investment AG
STATEMENT OF COMPREHENSIVE INCOME
for the period January 1, 2015 to December 31, 2015

	Notes	2015 *TEUR*	2014 *TEUR*
Net Profit		**20,731**	**22,359**
Total income and expenses recognised directy in equity:			
Total income and expenses recycled in future profit and loss:			
Net-profit from financial assets held for sale	IV.13	-14	276
Currency-conversion	IV.13	176	25
Taxes on income	IV.10	4	-69
		166	**232**
Total income and expenses not recycled in future profit and loss:			
Revaluation of performance-oriented obligation	V.10; IV.13	-5	8
Tax	IV.10	1	-2
		-4	**6**
Other comprehensive income	IV.13	**162**	**238**
Total comprehensive income		**20,893**	**22,597**
thereof shareholder's equity		20,210	22,070
thereof minority interest	III.	683	527

C-QUADRAT Investment AG
CONSOLIDATED BALANCE SHEET
as of December 31, 2015

ASSETS	Notes	31.12.2015 TEUR	31.12.2014 TEUR
Non-current assets			
Intangible Assets	V.1	13,609	14,860
Property, plant and equipment	V.1	2,408	2,390
Shares in associates	V.3	13,026	14,027
Financial investments	V.4	1,074	969
Deferred tax asset	IV.10.	265	340
Total non-current asstes		**30,382**	**32,585**
Current assets			
Receivables from customers	V.5	4,504	20,763
Financial investments	V.4	695	163
Other assets	V.6	1,913	1,898
Cash and cash equivalents	V.7	33,956	22,439
Total current asstes		**41,069**	**45,263**
Total assets		**71,451**	**77,848**
EQUITY and LIABILITIES			
Issued capital	V.8	4,363	4,363
Add paid-in capital		18,326	18,326
Retained earnings		32,711	25,751
Other reserves		55	-106
Equity attributable to shareholders of the parents		**55,455**	**48,334**
Minority interests	III.	829	997
Total equity		**56,284**	**49,332**
Non-current liabilities			
Long-term financial liabilities	V.4	0	2,000
Non-current provisions	V.10	113	137
Deferred tax liabilities	IV.10.	2,317	2,639
Total non-current liabilities		**2,430**	**4,776**
Current liabilities			
Short-term financial liabilities	V.4	44	1,223
Payables to customers	V.11	4,331	13,332
Other current liabilities	V.12	3,759	4,526
Other provisions	V.10	651	646
Income tax payable	IV.10	3,952	4,013
Total current liabilities		**12,738**	**23,740**
Total liabilities		**15,167**	**28,517**
Total equity and liabilities		**71,451**	**77,848**

C-QUADRAT Investment AG

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period January 1, 2015 to December 31, 2015

	Equity attributable to equity holder of the parent							
	Issued capital	Treasury shares	Add paid-in capital	Retained earnings	Other reserves	Shareholders' equity	Minority interest	Total equity
	point V.8. Notes		**point V.8. Notes**		**point V.8. Notes**		**point V.8. Notes**	
	TEUR	*TEUR*	*TEUR*	*TEUR*	*TEUR*	*TEUR*	*TEUR*	*TEUR*
01.01.2014	**4,363**	**-1,647**	**18,326**	**12,498**	**-344**	**33,197**	**834**	**34,031**
Treasury shares	0	1,647	0	0	0	1,647	0	1,647
Dividends	0	0	0	-8,580	0	-8,580	-365	-8,945
Total comprehensive income	0	0	0	21,832	238	22,070	527	22,597
31.12.2014	**4,363**	**0**	**18,326**	**25,751**	**-106**	**48,334**	**997**	**49,332**
01.01.2015	**4,363**	**0**	**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**

C-QUADRAT Investment AG
CONSOLIDATED CASH FLOW STATEMENT
for the period January 1, 2015 to December 31, 2015

	Notes	2015 *TEUR*	2014 *TEUR*
Net Profit		**20,731**	**22,359**
Taxes	IV.10	4,598	4,779
Financial result	IV.8, IV.9	-160	1,055
Income from associates	V.3	-7,443	-8,512
Depreciation of intangible assets, property, plant and equipment	V.1	1,991	1,892
Increase/decrease in long term provisions	V.10	-25	14
Income/loss from the disposal of fixed and financial assets	V.1	-22	-17
Increase/decrease in receivables and other assets		16,243	-9,849
Increase/decrease in other provisions	V.10	5	302
Increase/decrease in trade payables		-9,768	3,156
Income tax paid		-4,802	-625
Cash flow from operating activities	VI.	**21,349**	**14,554**
Purchase of property, plant and equipment and intangible assets	V.1	-878	-1,725
Net payments made for the acquisition of subsidiaries	III., VI.	-36	-1,559
Payments made for the investments in financial assets	V.5	-1,011	-971
Proceeds from sale of assets	V.1	84	60
Proceeds from sale of financial assets	V.5	491	468
Interest received	IV.8	171	107
Dividends received	V.3	8,460	4,219
Cash flow from investing activities	VI.	**7,281**	**598**
Dividends paid	III.; V.8	-13,940	-8,945
Interest paid	IV.9	-53	-177
Payment of finance lease liabilities	V.4	0	223
Payment for treasury shares		0	-354
Repayments of borrowings	V.4	-3,179	-1,000
Cash flow from financing activities	VI.	**-17,171**	**-10,252**
Currency conversion effects		**59**	**45**
Net increase in cash and cash equivalents	VI.	**11,517**	**4,944**
Cash and cash equivalents at beginning of period		22,439	17,495
Cash and cash equivalents at end of period	V.7	**33,956**	**22,439**

C-QUADRAT INVESTMENT AG and subsidiary and associated companies

2015

Company	Domicile	Main Activity	Issued Captial	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 Luxemburg 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	Private Lending	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

2014

Company	Domicile	Main Activity	Issued Captial	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	
Absolute Portfolio 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	
BCM Luxemburg SA	LU-Luxemburg	Asset Management	50,000	EUR	100.00%	FC	
BCM UK Ltd.	GB-London	Asset Management	663,807	GBP	100.00%	FC	
BCM Bluestar Ltd.	GB-London	Asset Management	800,001	GBP	100.00%	FC	
BCM & Partners 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	
BCM & Partners (Cayman)	Cayman Islands	Asset Management	50,000	USD	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	
Ampega C-QUADRAT Fondsmarketing GmbH	D-Frankfurt	Sales	25,000	EUR	50.00%	EQ	
QC Partners GmbH	D-Frankfurt	Asset Management	25,000	EUR	50.01%	EQ	

FC - fully consolidated
EQ - consolidated at equity

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 C-QUADRAT's historical development, to date its business activities have focused on Austria and Germany. In 2012 C-QUADRAT expanded its business activities to include Luxembourg, the United Kingdom and Switzerland. The company subsequently extended its business operations to Armenia, Spain and Norway. 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, 2015 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 financial statements cover the period from January 1, 2015 to December 31, 2015 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.

It is expected that the consolidated financial statements of the C-QUADRAT Group for the financial year ending December 31, 2015 will be released for publication on April 11, 2016 (the date on which the Management Board releases the statements 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 International Financial Reporting Standards (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, in accordance with 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 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 implement a remeasurement – irrespective 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 the associate or the joint venture are fulfilled up to the date as of which its investment is no longer an associate or a joint venture 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, 2015. 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 2015 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:

Changes to IAS 19 "Employee Benefits"

The International Accounting Standards Board (IASB) published "Defined Benefit Plans: Employee Contributions (Amendments to IAS 19 'Employee Benefits')" on November 21, 2013. These amendments came into force on July 1, 2014. The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, a practical expedient is permitted if the amount of the contributions is independent of the number of years of service. The EU adopted the standard on December 17, 2014. The amendments will apply for reporting years beginning on or after February 1, 2015. Application has not had any material effect on the consolidated financial statements.

IFRS 9 "Financial Instruments"

The IASB published IFRS 9, "Financial Instruments", on July 24, 2014. This standard replaces IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for how an entity should classify and measure financial assets, requires changes to the reporting of 'own credit' with respect to issued debt liabilities that are designated at fair value, replaces the current rules for impairment of financial assets and amends the requirements for hedge accounting. The amendments will apply for reporting years beginning on or after January 1, 2018. Application has not had any material effect on the consolidated financial statements. The Group is currently assessing the impact of the accounting requirements set out in IFRS 9. The EU has not yet endorsed these amendments in European law.

Improvements to the IFRS cycle 2010-2012

On December 12, 2013 the IASB published annual improvements to the IFRS cycle 2010-2012 and amended the following standards:

Standard	Subject of amendment
IFRS 2 *Share-based Payment*	Clarification of the definitions of “vesting conditions” and “market conditions”. Addition of separate definitions for “performance conditions” and “service conditions”.
IFRS 3 *Business Combinations*	Clarification that contingent considerations classified as assets or debts are to be measured at fair value on each balance sheet date.
IFRS 8 *Operating Segments*	Clarification of the necessary Notes in case of aggregation of operating segments. Clarification of the need to reconcile the total assets in the operating segments with the Group’s assets.
IAS 16 *Property, Plant and Equipment*	Clarification of the need for proportionate adjustment of cumulative depreciation in case of application of the remeasurement method.
IAS 24 *Related Party Disclosures*	Clarification of the need for disclosures in accordance with IAS 24 regarding members of the management, where management functions are performed by legal entities.

The EU adopted the standard on December 17, 2014. The amendments will apply for reporting years beginning on or after February 1, 2015. Application has not had any material effect on the consolidated financial statements.

Improvements to the IFRS cycle 2011-2013

On December 12, 2013 the IASB published annual improvements to the IFRS cycle 2011-2013 and amended the following standards:

Standard	Subject of amendment
IFRS 1 *First-time Adoption of IFRS*	Clarification of the meaning of the phrase “each IFRS effective at the end of the reporting period”: in its first IFRS financial statements, a company may opt for early adoption of all IFRS which have already been approved (and which may be applied early), effective continuously for all of the periods indicated.
IFRS 3 *Business Combinations*	Clarification that application of IFRS 3 is excluded in accounting for the establishment of any type of joint arrangement in the financial statements of this joint arrangement.
IFRS 13 *Fair Value Measurement*	Clarification of the scope of portfolios in paragraph 52 of IFRS 13 (applicable for all contracts accounted for under IAS 39 or IFRS 9, irrespective of whether they fulfill the definition of a financial asset or a financial liability in accordance with IAS 32).
IAS 40 *Investment Property*	Clarification that the issue of whether the purchase of investment property constitutes a business combination must be assessed in accordance with IFRS 3.

The amendments will enter into force for reporting periods beginning on or after January 1, 2015. The EU adopted the standard on December 18, 2014. This amendment has not affected 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 – if application was possible – and they will all be applied as 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:

Published standards and interpretations that are not yet mandatory

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 (not yet adopted)	1/1/2018	No
IFRS 11 Amendment: Acquisition of Interests in a Joint Operation	5/6/2014 (planned for Q1 2015)	1/1/2016	No
IAS 16 and IAS 38 Amendments: Clarification of Acceptable Methods of Depreciation and Amortisation	5/12/2014 (planned for Q1 2015)	1/1/2016	No
IFRS 15 Revenue from Contracts with Customers	5/28/2014 (planned for Q2 2015)	1/1/2018	No
IFRS 16 Leases	1/13/2016 (planned for Q2/2016)	1/1/2019	No
IAS 27 (2011) Amendment: Equity Method in Separate Financial Statements	8/12/2014 (planned for Q3 2015)	1/1/2016	No
IFRS 10, IFRS 12 and IAS 28 (2011) Amendments: Investment Entities: Applying the Consolidation Exception	12/18/2014 (planned for Q3 2015)	1/1/2016	No
IAS 1 Amendment: Disclosure Initiative	12/18/2014 (planned for Q4 2015)	1/1/2016	No
IAS 7 Statement of Cash Flows	1/29/2016 (planned for Q1/2016)	1/1/2017	No
IAS 12 Income Taxes	1/19/2016 (planned for Q1/2016)	1/1/2017	No
Annual improvements 2012-2014	9/25/2014 (planned for Q3 2015)	1/1/2016	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. The EU has not yet adopted these changes. The possible effects of these amendments for the consolidated financial statements are currently being assessed.

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. The possible effects of these amendments for the consolidated financial statements are currently being assessed.

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. They are not expected to affect the Group, since the Group does not use any sales revenue-dependent method for depreciation on its non-current assets.

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. Adoption by the EU is currently scheduled for

Q2 of 2016. 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. Early adoption is possible if IFRS 15 "Revenue from Contracts with Customers" is simultaneously adopted. The Group is currently assessing the effects of IFRS 15. The EU has not yet endorsed these regulations in European law.

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. The EU adopted these amendments on December 18, 2015.

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. Adoption by the EU is currently scheduled for Q2 of 2016. The possible effects for the consolidated financial statements are currently being assessed.

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. 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 Q1 of 2016. 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 Q1 of 2016. The possible effects for the consolidated financial statements are currently being assessed.

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 *Non-current Assets Held For Sale and Discontinued Operations*	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 *Financial Instruments: Disclosures*	Inclusion of additional guidelines for clarification 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 *Employee Benefits*	Clarification 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 *Interim Financial Reporting*	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. The possible 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 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 has not been fully consolidated and has been accounted for at equity within the Group. Please see ***Item III. of the Notes*** for further details.

Estimates and assumptions

When preparing the consolidated financial statements, it is necessary to a certain degree to make estimates and assumptions that affect the recognition of assets and liabilities, the disclosure of other liabilities as of the balance sheet date, and the recognition of income and expenses during the period covered by the financial statements. Although actual results may differ from these estimates, the Management Board is of the opinion that no material negative differences in the consolidated financial statements will arise as a result in the near future.

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. A discounted cash flow method is used 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 1-3 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 10 years has been assumed for the customer base of CUK Group (previously BCM 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, CUK Group has counted several major family offices among its clients since its establishment. They are also seen as long-term partners, not least due to the management's strong personal relationships with these clients. Since the firm's establishment, it has retained the loyalty of all its family office clients.

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 for further details.

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 does not have any tax loss carryforwards (2014: EUR 0 thousand). 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 quoted prices 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 ***Note V.10.***. 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 through profit or loss. 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 applying 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 amounts of the 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:

	Closing rate on		**Average rate for the year**	
in EUR	**12/31/2015**	12/31/2014	**2015**	2014
CHF	**0.924**	0.831	**0.877**	0.824
USD	**0.915**	0.823	**0.869**	0.775
HUF	**0.00320**	0.00318	**0.00319**	0.00328
GBP	**1.356**	1.288	**1.322**	1.248
KYD	**1.07042**	0.985	**1.0277**	0.927
AMD	**0.00189**	0.00173	**0.00181**	0.00176

Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and accumulated impairment. This measurement includes the costs for replacement of part of an item of property, plant and equipment, provided that the criteria for recognition are met.

Systematic straight-line depreciation is based on the estimated useful lives of the respective assets. Property, plant and equipment are depreciated over a period of 3 to 10 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.

The 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 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 operating leases and 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 assumed 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 in 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 3 to 10 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 for 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 this investment beyond 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 changes 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 I.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 of the respective asset. The recoverable amount of 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 its recoverable amount, the asset is considered to be impaired and must be amortized to its recoverable amount. 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 its recoverable amount. 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 of the cash-generating unit (or group of cash-generating units) to which the goodwill was allocated. If the recoverable amount of 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.

Intangible assets with infinite useful lives

Intangible assets with infinite useful lives are tested for impairment at least once per year, on December 31. This test is performed at the level of the cash-generating unit. A test will also be performed if circumstances suggest possible impairment of this asset.

Associates and joint ventures

After applying the equity method, the Group determines in accordance with IAS 39 whether it is necessary to recognize an additional impairment loss for the Group's investments 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 recoverable amount for the investment – i.e. the higher of the value in use and the fair value less selling costs – will be compared with its carrying amount. When determining the value in use of the investment, the Group estimates its share in the present value of the estimated, expected future cash flows that the associate or the joint venture as a whole is expected to generate. If the calculated share in the present value is lower than the carrying amount of the share, the difference between the recoverable amount of the share in the associate or the joint venture and the carrying amount of the share is recognized as 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 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 initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value in income.

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.

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.

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, 2015 and January 1 to December 31, 2014.

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. Gains and losses are recognized in the net income for the year if the loans and receivables are derecognized or impaired, and if amortized. Foreign currency receivables are measured using the middle exchange rate on the balance sheet date.

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 financial expenses 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 I.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.

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.

This category includes 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.

This category includes 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.

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.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium. Voting rights related to treasury shares are nullified for the Group. Moreover, no dividends are allocated to them.

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 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 financial expenses.

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 for salaried employees (2014: 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 the company after January 1, 2003. A statutory amount equal to 1.53% (2014: 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. Performance fees are dependent on the appreciation in value of the assets under management and are 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 twelve fully consolidated subsidiaries (December 31, 2014: 10) and three companies accounted for at equity (December 31, 2014: 3).

C-QUADRAT Investment AG (parent company)	1
Fully consolidated subsidiaries	12
Investments accounted for at equity	3
Total	**16**

The scope of consolidation developed as follows:

As of 1/1/2014	**14**
of which foreign companies	*10*
In the 2014 financial year: *addition or disposal of fully consolidated investments*	*0*
In the 2014 financial year: addition or disposal of investments accounted for at equity	*0*
As of 12/31/2014	**14**
of which foreign companies	*10*
In the 2015 financial year: addition of fully consolidated investments	*2*
In the 2015 financial year: addition or disposal of investments accounted for at equity	*0*
As of 12/31/2015	***16***
of which foreign companies	*12*

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 thousand. The company is wholly owned by C-QUADRAT Luxembourg SA. The company will be fully consolidated from the date of its establishment.

Changes in the scope of consolidation in 2014

There were no changes in the scope of consolidation in the 2014 financial year.

2. Subsidiaries with significant non-controlling interests

The financial information concerning subsidiaries with significant non-controlling interests is as follows:

2015

Company	Regis-tered office	Main activity	Share capital	Cur-rency	Share-holding	Non-controlling interests	Type of consoli-dation
C-QUADRAT Asset Management GmbH	Vienna	Asset Manage-ment	125,000	EUR	74.90%	25.10%	FC
C-QUADRAT Ampega Asset Management Armenia LLC	AM-Yerevan	Asset Manage-ment	650,000,000	AMD	74.90%	25.10%	FC

2014

Company	Regis-tered office	Main activity	Share capital	Cur-rency	Share-holding	Non-controlling interests	Type of consoli-dation
C-QUADRAT Asset Management GmbH	Vienna	Asset Manage-ment	125,000	EUR	74.90%	25.10%	FC
C-QUADRAT Ampega Asset Management Armenia LLC	AM-Yerevan	Asset Manage-ment	650,000,000	AMD	74.90%	25.10%	FC

The following table provides details of the Group's non-controlling interests:

Cumulative balance for non-controlling interests:

	12/31/2015 € ’000	12/31/2014 € ’000
C-QUADRAT Asset Management GmbH	**612**	772
C-QUADRAT Ampega Asset Management Armenia LLC	**217**	225
	829	997

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

	12/31/2015 € ’000	12/31/2014 € ’000
C-QUADRAT Asset Management GmbH	**690**	583
C-QUADRAT Ampega Asset Management Armenia LLC	**-7**	-56
	683	527

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:

	12/31/2015 € ’000	12/31/2014 € ’000
Share of balance sheet total		
Current assets	**4,372**	4,248
Non-current assets	**507**	1,062
Current liabilities	**-1,419**	-1,387
Non-current liabilities	**0**	-18
Total	**3,461**	3,433
Share of equity attributable to the shareholders of the parent company	**2,849**	2,661
Non-controlling shareholders	**612**	772
Share of revenues and profit		
Revenue	**6,465**	6,059
Expenses	**-4,166**	-3,735
Net income for the year	**2,299**	2,324
Share of net income for the year attributable to the shareholders of the parent company	**1,608**	1,740
Net income for the year attributable to the non-controlling shareholders	**691**	583
Other comprehensive income attributable to the shareholders of the parent company	**0**	0
Other comprehensive income attributable to the non-controlling	**0**	0

shareholders		
Total other comprehensive income	**0**	0
Total comprehensive income attributable to the shareholders of the parent company	**1,608**	1,740
Total comprehensive income attributable to the non-controlling shareholders	**691**	583
Total comprehensive income	**2,299**	2,324

Dividends paid to non-controlling shareholders	**-850**	-365
Net cash flows from operating activities	**2,922**	2,537
Net cash flows from investing activities	**-10**	-3
Net cash flows from financing activities	**-2,269**	-534
Total net cash flows	**643**	2,000

Reconciliation of the summarized financial information presented and the carrying amount of the investment in the consolidated financial statements	**€ ’000**	€ ’000
Net assets	**3,461**	3,078
Proportionate interest of non-controlling interests	**25%**	25%
Goodwill	**0**	0
Other adjustments	**-257**	0
Carrying amount of non-controlling interests	**612**	772

The other adjustments relate to a distribution proviso agreed at 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.

	2015 **€ ’000**	2014 € ’000
Management fees	**47,843**	50,325
Performance fees	**31,150**	38,560
Other fees	**4,300**	5,056
Total	**83,293**	93,940

The assets under management of the C-QUADRAT Group increased by 3.7% to EUR 5,406 million in 2015. Management fees amounted to EUR 47,843 thousand (2014: EUR 50,325 thousand). It should be noted here that in the fourth quarter C-QUADRAT Kapitalanlage AG – which is responsible for many of the management fees – calculation and settlement of 1st-line commission entitlements (depositories, banks, platforms) was taken over by an external management company for several mandates. Since C-QUADRAT Kapitalanlage AG only receives the residual amount from the external management company 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 throughout 2015. In overall terms, net fee and commission income excluding performance fees increased to EUR 22,410 thousand (previous year: EUR 21,194 thousand). C-QUADRAT Kapitalanlage AG receives the performance fee from the external management companies without any deductions. Due to the excellent performance of multiple products, EUR 31,150 thousand (2014: EUR 38,560 thousand) in performance fees was generated in the current financial year.

Fee and commission expenses

	2015 **€ '000**	2014 € '000
Management fees	**28,649**	31,333
Performance fees	**13,686**	17,728
Other fees	**1,084**	2,854
Total	**43,419**	51,915

2. Other operating income

	2015 **€ '000**	2014 € '000
Fund liquidation	**0**	400
Client magazine	**64**	158
Passed-on expenses	**109**	102
Rental income	**94**	98
Advisory revenue	**20**	16
Miscellaneous	**233**	186
Total	**520**	959

In the other operating income position, the "Miscellaneous" item includes income from sales of assets in the amount of EUR 144 thousand (2014: income from sales of assets in the amount of EUR 60 thousand).

3. Personnel expenses

	2015 **€ '000**	2014 € '000
Wages and salaries	**9,234**	9,857
Statutory social insurance contributions	**1,621**	1,616
Miscellaneous	**228**	231
Total	**11,083**	11,705

Personnel expenses include approx. EUR 778 thousand (2014: EUR 839 thousand) in employer contributions to statutory pension insurance and EUR 69 thousand (2014: EUR 83 thousand) in contributions to the company pension fund. This also includes an amount of

EUR -21 thousand (2014: EUR 3 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 operating expenses for goods and services.

	2015 **€ ’000**	2014 € ’000
Rental expenses	**765**	587
Advertising expenses	**1,904**	1,788
Legal and consultancy fees	**1,079**	1,394
Cost allocation	**546**	642
IT expenses	**1,438**	1,389
Other office and premises expenses	**518**	585
Fees and levies	**837**	529
Travel expenses	**617**	556
Vehicle expenses	**273**	299
Company insurance	**148**	142
Leasing expenses	**34**	55
Personnel recruitment	**12**	178
Miscellaneous	**615**	535
Total	**8,786**	8,678

The legal and consultancy fees also include the expenses for the auditor of the consolidated financial statements. The total expenses incurred in the 2015 financial year for the C-QUADRAT Group amount to EUR 130 thousand (2014: EUR 148 thousand) for the audit of the consolidated financial statements and the separate financial statements, EUR 0 thousand (2014: EUR 0 thousand) for other auditing services, EUR 1 thousand (2014: EUR 8 thousand) for tax consultancy services and EUR 10 thousand (2014: EUR 0 thousand) for other services.

5. Other operating expenses

	2015 **€ ’000**	2014 € ’000
Non-deductible input tax	**794**	907
Profits on sales of assets	**11**	10
Miscellaneous	**3**	112
Total	**808**	1,030

6. Depreciation and amortization

In the 2015 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

	2015	2014
	€ '000	€ '000
Loans and receivables	**171**	107
Net profits from the sale of financial assets recognized directly in equity and measured at fair value	**148**	14
Financial assets measured at fair value in income	**17**	3,195
Other	**0**	92
Total	**336**	3,408

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 17 thousand (2014: EUR 3,209 thousand).

9. Finance costs

	2015	2014
	€ '000	€ '000
Interest from liabilities to banks	**53**	177
Financial assets measured at fair value in income	**82**	4,286
Other	**41**	0
Total	**176**	4,463

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 82 thousand (2014: EUR 4,130 thousand). This also includes impairment on financial assets available for sale and measured at fair value, in the amount of EUR 0 thousand (2014: EUR 156 thousand).

10. Income taxes

The key components of income tax expense for the financial years 2015 and 2014 are as follows.

Consolidated income statement	**2015**	2014
	€ '000	€ '000
Actual expense for taxes on income	**-4,838**	-3,992
Deferred taxes on income from temporary differences	**240**	-787
Income tax expense recognized in profit or loss	**-4,598**	-4,779

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

Statement of Comprehensive Income	**2015** **€ '000**	2014 € '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**	0
Net profit/loss from actuarial gains and losses	**1**	*-2*
Reclassification amounts recognized in the income statement	**0**	-69
Taxes on income not affecting the income statement	**5**	-71

The difference between the Austrian corporation tax rate of 25% and the Group tax rate as disclosed is accounted for as follows for the 2014 and 2015 financial years:

	2015 **€ '000**	2014 € '000
Net profit or loss before taxes on income for the continued operation	**25,330**	27,138
Expense for taxes on income at a tax rate of 25% (2014: 25%)	**-6,332**	-6,784
Deviating foreign tax rates	**-8**	-8
Interest in profit/loss of associates and joint ventures (tax-free income)	**1,859**	2,128
Other non-tax-deductible expenses	**-117**	-123
Income tax expense recognized in profit or loss	**-4,598**	-4,779
Income tax expense attributable to discontinued operation	**0**	0
Effective tax rate in %	**18.15%**	17.61%

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 year under review is 18.15% (2014: 17.61%).

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 (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, 2015 and December 31, 2014 have the following makeup:

€ '000	Consolidated balance sheet 2015	2014	Consolidated income statement 2015	2014
Higher tax depreciation	**-2,065**	-2,243	**246**	-788
Remeasurement of available-for-sale financial assets at fair value	**4**	0	**0**	0
Severance payments	**7**	13	**-5**	1
Deferred tax expense/income			**241**	-787
Deferred tax liability, net	**-2,052**	-2,299		
Recognized in the balance sheet as follows:				
Deferred tax assets from continuing operations	**265**	340		
Deferred tax liabilities from continuing operations	**-2,317**	-2,639		
Deferred tax assets from discontinued operations	**0**	0		
Deferred tax liabilities from discontinued operations	**0**	0		
Deferred tax liabilities, net	**-2,052**	-2,299		
Reconciliation of deferred tax liability, net				
As of Jan. 1			**-2,299**	-1,440
Tax income/expense recognized in profit/loss in the period under review			**241**	-787
Tax income/expense recognized in other comprehensive income in the period under review			**5**	-72
Discontinued operation			**0**	0
As of Dec. 31			**-2,052**	-2,299

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:

	2015	2014
Weighted average number of ordinary shares	4,363,200	4,320,994

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.

On the basis of an evaluation of its existing operating segment "Asset Management and Sales" as of December 31, 2014, the Management Board has resolved that the analysis of this information is also increasingly significant in terms of geographical markets, on account of the Group's business development. Accordingly, from the consolidated financial statements as of December 31, 2014 onwards this information is provided by way of a geographical breakdown for "Asset Management and Sales – Austria" and "Asset Management and Sales – Other Countries".

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 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 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 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 2015

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

Reporting year 2014

	Participations	Asset Management and Sales		Consolidation	C-QUADRAT Group
		Austria	Other countries		
	€ '000		€ '000	€ '000	€ '000
Fee and commission income	225	84 850	10 986	-2 120	93 940
From external customers	*225*	*82 729*	*10 986*		*93 940*
Intersegment income	*0*	*2 120*	*0*	*-2 120*	*0*
Fee and commission expenses	*-130*	*-51,607*	*-2,723*	*2,547*	*-51,915*
Interest income	*12*	*53*	*42*	*0*	*107*
Interest expenses	*-177*	*0*	*0*	*0*	*-177*
Systematic depreciation and amortization	*-195*	*-227*	*-1 469*	*0*	*-1 892*
Net income from associates and joint ventures	8 512	*0*	*0*	*0*	8 512
Income tax expense/income	1 661	-5 181	-175	-1 084	*-4 779*
Pre-tax segment earnings	22 074	22 792	499	-18 227	27 138

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 2015

	Participations	Asset Management and Sales		Consolidation	C-QUADRAT Group
		Austria	Other countries		
	€ '000		€ '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

Reporting year 2014

	Participations	Asset Management and Sales		Consolidation	C-QUADRAT Group
		Austria	Other countries		
	€ '000		€ '000	€ '000	€ '000
Segment assets	*61,910*	*40,352*	*21,988*	*-46,403*	*77,848*
Segment liabilities	*8,853*	*20,770*	*5,569*	*-6,675*	*28,517*

Other segment information

Reporting year 2015

	Participations	Asset Management and Sales		Consolidation	C-QUADRAT Group
		Austria	Other countries		
	€ '000		€ '000	€ '000	€ '000
Investments in associates and joint ventures	*13,026*	*0*	*0*	*0*	*13,026*
Additions to non-current assets	*546*	*234*	*89*	*0*	*869*
Employees	*9*	*54*	*25*	*0*	*88*

Reporting year 2014

	Participations	Asset Management and Sales		Consolidation	C-QUADRAT Group
		Austria	Other countries		
	€ '000		€ '000	€ '000	€ '000
Investments in associates and joint ventures	*14,027*	*0*	*0*	*0*	*14,027*
Additions to non-current assets	*1,553*	*82*	*90*	*0*	*1,725*
Employees	*8*	*55*	*23*	*0*	*86*

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:

	12/31/2015	12/31/2014
	€ '000	€ '000
Retail clients	**54,949**	70,630
Institutional clients	**28,344**	23,310
Total	**83,293**	93,940

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 2015

	Austria	Other countries	Consolidation	Group
	€ '000	€ '000	€ '000	€ '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*

Reporting year 2014

	Austria	Other countries	Consolidation	Group
	€ '000	€ '000	€ '000	€ '000
Fee and commission income from business with external customers	*82 954*	*10,986*	0	*93,940*
Non-current assets	*42,244*	*15,343*	-25,002	*32,585*

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 year under review or in the previous year.

13. Other comprehensive income

Development of other comprehensive income:

	2015 € '000	2014 € '000
Reserve for available-for-sale financial assets		
Profits (losses) resulting in the current period	**-14**	0
Reclassification amounts (valuation gain directly recognized in equity) recognized in the income statement	**0**	253
Reclassification amounts (valuation adjustments) recognized in the income statement	**0**	23
Contribution to other comprehensive income resulting from measurement of financial assets available for sale (before taxes)	**-14**	276
Reserve for differences resulting from currency translation	**176**	25
Reserve for remeasurement of defined-benefit obligation	**-5**	8
Taxes applicable on portions of other comprehensive income:	**2015 € '000**	2014 € '000
Available-for-sale financial assets		
Profits (losses) resulting in the current period	***4***	*0*
Reclassification amounts recognized in the income statement	***0***	*-69*
Tax effect for other comprehensive income resulting from measurement of financial assets available for sale	**4**	-69
Tax effect on other comprehensive income resulting from remeasurement of defined-benefit obligation	**1**	-2

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 (2014: EUR -69 thousand) and 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 2014 and 2015 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:

	12/31/2015 **€ '000**	12/31/2014 € '000
Up to one year	**34**	55
One to five years	**99**	131
More than five years	**0**	0
Total	**133**	186

Statement of changes in non-current assets, 2015

	Cost						Carrying amount						
€ '000	As of Jan. 1 2015	Exchange rate differences	Ad-ditions	Dis-posals	Reclas-sifications	As of 12/31/2015	As of Jan. 1, 2015	Exchange rate differences	Depreciation and amortization for the year	Dis-posals	As of 12/31/2015	Carrying amount 12/31/2015	Carrying amount 1/1/2015
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**

Statement of changes in non-current assets, 2014

	Cost					Carrying amount						
€ '000	As of Jan. 1 2014	Exchange rate differences	Ad-ditions	Dis-posals	As of 12/31/2014	As of Jan. 1, 2014	Exchange rate differences	Depreciation and amortization for the year	Dis-posals	As of 12/31/2014	Carrying amount 12/31/2014	Carrying amount 1/1/2014
Software	369	25	113	10	497	226	33	101	17	342	**155**	**143**
Licenses, rights	80		10		91	44		25		69	**22**	**36**
Customer base	12,790				12,790	1,279		1,279		2,558	**10,232**	**11,511**
Goodwill	4,477				4,477	25				25	**4,452**	**4,452**
Intangible assets	**17,716**	**25**	**124**	**10**	**17,854**	**1,573**	**33**	**1,405**	**17**	**2,994**	**14,860**	**16,142**
Operating and office equipment	2,523	44	1,601	618	3,551	1,195	44	487	566	1,161	**2,390**	**1,327**
Property, plant and equipment	**2,523**	**44**	**1,601**	**618**	**3,551**	**1,195**	**44**	**487**	**566**	**1,161**	**2,390**	**1,327**

2. Impairment tests

Non-financial assets including goodwill

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

- Cash-generating unit “CUK Group”, which comprises the following companies:

CUK Group
C-QUADRAT Luxembourg SA
C-QUADRAT UK Ltd
C-QUADRAT Bluestar Ltd
BCM & Partners SA
C-QUADRAT Asset Management (Cayman)
C-QUADRAT Asset Management (UK) LLP
C-QUADRAT Advisors SL
C-QUADRAT Norway AS

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

The Group performed its annual impairment testing on December 31, 2015 and December 31, 2014.

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

	12/31/2015 **€ ’000**	12/31/2014 € ’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:

	12/31/2015 **€ ’000**	12/31/2014 € ’000
CUK Group	**8,953**	10,232
Total	**8,953**	10,232

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.

Cash-generating unit “CUK Group”

The pre-tax discount rate applied for the cash flow forecasts is 9% (2014: 8.4%). A risk-free interest rate of 1.84% (2014: 2.12%) has been applied on the basis of the relevant financial statistics which the Deutsche Bundesbank had published as of the reporting date. A market risk premium of 6.69% (2014: 5.95%) 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 1.06 (2014: 1.2) 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 8.4% (2014: 8.4%). A risk-free interest rate of 1.84% (2014: 2.12%) has been applied on the basis of the relevant financial statistics which the Deutsche Bundesbank had published as of the reporting date. A market risk premium of 6.00% (2014: 5.95%) 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 1.06 (2014: 1.2) 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 2016 to 2018, 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 2019 to 2020 and extrapolated on the basis of a growth rate of 1.4% (2014: 1.3%). For all periods thereafter, the forecast figures for the year 2020 were assumed to be constant.

Cash-generating unit "C-QUADRAT Asset Management GmbH"

The estimated future cash flows have been derived for 2016 from the detailed planning approved by the management, for the period from 2017 to 2020, a simplified forecast has been used and extrapolated by means of a growth rate of 1.4% (2014: 1.3%). For all periods thereafter, the forecast figures for the year 2020 were 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:

	12/31/2015 € ’000	12/31/2014 € ’000
ARTS Asset Management GmbH (45%)	**12,339**	13,367
QC Partners GmbH (50.01%)	**588**	572
Ampega C-QUADRAT Fondsmarketing GmbH (50%)	**98**	87
Total	**13,026**	14,027

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% (2014: 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 Group reports in its interest in ARTS in the consolidated financial statements in accordance with the equity method. 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:

	12/31/2015 € ’000	12/31/2014 € ’000
Balance sheet		
Current assets	**19,486**	26,602
Non-current assets	**500**	406
Current liabilities	**-2,586**	-7,324
Non-current liabilities	**0**	0
Equity	**17,400**	19,684
Total comprehensive income		
Operating income	**25,464**	30,253
Expenses	**-3,527**	-5,091
Pre-tax earnings	**21,937**	25,162
Income tax expense	**-5,521**	-6,305
Profit after tax of continued operation	**16,416**	18,857
Profit after tax of discontinued operation	**0**	0
Other comprehensive income	**0**	0
Total comprehensive income for the continued operation	**16,416**	18,857
Dividends received from associates and joint ventures	**8,460**	4,219
Reconciliation of the summarized financial information presented and the carrying amount of the investment in the consolidated financial statements	**12/31/2015** **€ ’000**	12/31/2014 € ’000

Net assets of the associate	**17,400**	19,684
Group’s proportionate interest	**45.00%**	45.00%
Difference	**4,509**	4,509
Other adjustments	**0**	0
Carrying amount of the Group’s investment in the associate	**12,339**	13,367

ARTS did not have any contingent liabilities or capital commitments on December 31, 2015 or December 31, 2014.
The Group also holds 50.01% (2014: 50.01%) of the voting rights in QC Partners GmbH, Germany. Since a voting majority of 75% is 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.

The following table comprises summarized financial information concerning the associate QC Partners GmbH, 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:

	12/31/2015 **€ ’000**	12/31/2014 € ’000
Balance sheet		
Current assets	**1,031**	911
Non-current assets	**378**	524
Current liabilities	**-232**	-292
Non-current liabilities	**0**	0
Equity	**1,176**	1,143
Total comprehensive income		
Operating income	**1,765**	1,469
Expenses	**-1,710**	-1,465
Pre-tax earnings	**55**	4
Income tax expense	**0**	0
Profit after tax of continued operation	**55**	4
Profit after tax of discontinued operation	**0**	0
Other comprehensive income	**0**	0
Total comprehensive income for the continued operation	**55**	4
Dividends received from associates and joint ventures	**0**	0

Reconciliation of the summarized financial information presented and the carrying amount of the investment in the consolidated financial statements	**2015** **€ ’000**	2014 € ’000
Net assets of the joint venture	**1,176**	1,143
Group’s proportionate interest	**50.01%**	50.01%
Difference	**0**	0
Other adjustments	**0**	0
Carrying amount of the Group’s investment in the joint venture	**588**	572

QC Partners GmbH did not have any contingent liabilities or capital commitments on December 31, 2015 or December 31, 2014.

The Group also has a 50.00% (2014: 50.00%) shareholding in Ampega C-QUADRAT Fondsmarketing GmbH. Since C-QUADRAT Investment AG and Ampega Gerling Investment GmbH have a joint arrangement here 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.

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:

	2015 **€ ’000**	2014 € ’000
Pre-tax earnings	**86**	85
Profit after tax of continued operation	**57**	50
Profit after tax of discontinued operation	**0**	0
Other comprehensive income	**0**	0
Total comprehensive income for the continued operation	57	50
Dividends received from joint ventures	0	0

Reconciliation of the summarized financial information presented and the carrying amount of the investment in the consolidated financial statements	**2015** **€ ’000**	2014 € ’000
Net assets of the joint venture	**197**	140
Group’s proportionate interest	**50.00%**	50.00%
Difference	**0**	0
Other adjustments	**0**	0
Carrying amount of the Group’s investment in the joint venture	**98**	87

Ampega C-QUADRAT Fondsmarketing GmbH did not have any contingent liabilities or capital commitments on December 31, 2015 or December 31, 2014.

Revenues amounting to EUR 14,206 thousand were generated from associates and joint ventures in 2015 (2014: EUR 1,571 thousand). These revenues relate mainly to fee and commission income and passed-on expenses. Expenses amounting to EUR 29,194 thousand (2014: EUR 26,162 thousand) were charged to the company by associates and joint ventures in 2015. These charges mainly related to fee and commission expenses. As of December 31, 2015, receivables from associates and joint ventures amounted to EUR 672 thousand (December 31, 2014: EUR 2,469 thousand) and liabilities to associates and joint ventures to EUR 874 thousand (December 31, 2014: EUR 7,503 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

	12/31/2015 € '000	12/31/2014 € '000
Non-current assets:		
Financial assets available for sale, measured at fair value and recognized directly in equity	**609**	529
Loans and receivables	**465**	440
	1,074	969
Current assets:		
Financial assets measured at fair value in income	695	163
Loans and receivables	6,418	22,661
	7,113	22,824
Total financial assets	**8,187**	23,793

Available-for-sale financial assets comprise listed bonds in the amount of EUR 476 thousand (December 31, 2014: EUR 344 thousand) and investment fund units in the amount of EUR 133 thousand (December 31, 2014: 185).

Non-current loans and receivables mainly comprise security deposits in the amount of EUR 464 thousand (December 31, 2014: 440) and are recognized at fair value.

Current loans and receivables include receivables from customers in the amount of EUR 4,504 thousand (December 31, 2014: 20,763) and other assets in the amount of EUR 1,913 thousand (December 31, 2014: EUR 1,898 thousand).

The financial assets measured at fair value in the income statement relate to investments in investment funds and are entirely (December 31, 2014: entirely) traded on the stock market or at calculated values that are published daily.

Financial liabilities and interest-bearing loans

	12/31/2015 € '000	12/31/2014 € '000
Non-current liabilities:		
Liabilities to banks (financial liability at amortized cost)	**0**	2,000
Financial liability measured at fair value in income	**0**	0
	0	2,000
Current liabilities at amortized cost:		
Liabilities to banks	**44**	1,223
Liabilities to customers	**4,331**	13,332
Other liabilities and provisions	**4,410**	5,172
	8,785	19,727
Total financial liabilities and provisions	**8,785**	21,727

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 44 thousand (December 31, 2014: EUR 223 thousand) and an interest-bearing bank loan in the amount of EUR 0 thousand (December 31, 2014: EUR 3,000 thousand) which was due annually on December 31 in five equal portions.

These loans have the following maturities:

	12/31/2015 € '000	12/31/2014 € '000
Up to one year	**0**	1,223
Longer than one year and up to five years	**0**	2,000
Total	**0**	3,223

Fair value

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

Financial assets	**Carrying amount**		**Fair value**	
	12/31/2015	12/31/2014	**12/31/2015**	12/31/2014
	€ '000	€ '000	**€ '000**	€ '000
Available-for-sale financial assets measured at fair value	**609**	529	**609**	529
Loans and receivables (non-current)	**465**	440	**465**	440
Financial assets measured at fair value in income	**695**	163	**695**	163

Financial liabilities	**Carrying amount**		**Fair value**	
	12/31/2015	12/31/2014	**12/31/2015**	12/31/2014
	€ '000	€ '000	**€ '000**	€ '000
Liabilities to banks	**44**	3,223	**44**	3,223

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 fair value of non-quoted instruments and bank 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.

Fair value hierarchy

For financial instruments measured at fair value as of December 31, 2015 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.

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:	**12/31/2015**				12/31/2014			
	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	**609**	**476**	**133**	**0**	**529**	**344**	**185**	**0**
Loans and receivables (non-current)	**465**	**0**	**465**	**0**	**440**	**0**	**440**	**0**
Financial assets measured at fair value in income	**695**	**0**	**695**	**0**	**163**	**163**	**0**	**0**

Financial liabilities	**12/31/2015**				12/31/2014			
	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	**44**	**0**	**44**	**0**	**3,223**	**0**	**3,223**	**0**

During the reporting period from January 1, 2015 to December 31, 2015, there were no transfers between fair value measurements in Level 1, Level 2 and Level 3.

5. Receivables from customers

	12/31/2015	12/31/2014
	€ '000	€ '000
Invoiced claims for the provision of services	**1,306**	4,256
Deferred fee and commission income	**3,198**	16,507
Total	**4,504**	20,763

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, 2015:

	Total	Neither overdue nor impaired	Overdue but unimpaired					Overdue and impaired
			< 30 days	30 - 90 days	90-180 days	180-360 days	> 360 days	> 360 days
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
2015	**4,504**	**4,504**	**50**	**0**	**0**	**0**	**0**	**0**
2014	20,763	20,643	91	25	4	0	0	0

6. Other assets

	12/31/2015 € '000	12/31/2014 € '000
Receivables from intercompany charges	**37**	81
Capitalized prepayments	**451**	351
Security deposits	**103**	125
Miscellaneous	**1,321**	1,341
Other assets	**1,913**	1,898

The miscellaneous other assets item includes Austrian savings bonds (securities issued by the Republic of Austria) in the amount of EUR 1,000 thousand (2014: EUR 1,000 thousand).

7. Cash and cash equivalents

	12/31/2015 € '000	12/31/2014 € '000
Bank balances and cash in hand	**33,956**	22,439
Total	**33,956**	22,439

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 33,956 thousand (December 31, 2014: EUR 22,439 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

Changes in share capital and reserves are presented in detail in the statement of changes in equity. The company's share capital is divided up into 4,363,200 no-par-value shares.

At the 28th Annual General Meeting of C-QUADRAT Investment AG held on May 8, 2015, the authorization for non-specific repurchasing of treasury stock pursuant to the resolution passed by the 26th Annual General Meeting on May 3, 2013 was cancelled and the Management Board was simultaneously authorized pursuant to Section 65 (1) No. 8 of the Austrian Stock Corporation Act (AktG) to acquire no-par-value bearer shares of the company, up to a maximum of 10% of the company's share capital, for a period of 30 months from the date of the Annual General Meeting's resolution, for a minimum price corresponding to a market rate of EUR 1 and a maximum price corresponding to a market rate of EUR 60.00. The Management Board was also authorized to withdraw repurchased treasury stock without any further resolution passed by the Annual General Meeting. In addition, the Annual General Meeting authorized the Management Board to re-sell purchased treasury shares other than through the stock market or a public offering, while excluding the shareholders from subscribing. This requires the approval of the Supervisory Board pursuant to Section 65 (1b) of the Austrian Stock Corporation Act (AktG). A further shareholders' resolution is not required.

On the basis of this authorization of May 8, 2015, on September 9, 2015 the Management Board announced a new share buyback program which envisages repurchasing of a total of 218,160 shares, i.e. 5% of the current share capital. This share buyback program will begin on September 14, 2015 and end on October 31, 2017 at the latest.

The Management Board did not make use of its authorization in the 2015 financial year.

Changes in the number of ordinary shares:

Issued and fully paid	In thousands of shares	Nominal value, EUR thousand
As of 12/31/2015	**4,363**	**4,363**
As of 12/31/2014	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 *€ '000*	Reserve for currency translation differences *€ '000*	Revenue reserves *€ '000*	Total other reserves *€ '000*
1/1/2014	**-207**	**-137**	**0**	**-344**
Translation differences	0	25	0	**25**
Profit/loss from financial assets held for sale	207	0	0	**207**
Remeasurement of defined-benefit obligation	0	0	6	**6**
12/31/2014	**0**	**-112**	**6**	**-106**

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**

9. Distributed dividends

The cash dividend resolved and paid in the 2015 financial year for the 2014 financial year amounted to EUR 3.00 per share (2014: EUR 2.00 per share).

10. Provisions

Statement of provisions, 2015

	1/1/2015 € '000	Change Scope of consolidation € '000	Currency translation difference	Utilization € '000	Reversal € '000	Additions € '000	**12/31/2015 € '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**

Statement of provisions, 2014

	1/1/2014 € '000	Change Scope of consolidation € '000	Currency translation difference	Utilization € '000	Reversal € '000	Additions € '000	**12/31/2014 € '000**
Provisions for severance payments	**123**	0	0	0	0	14	**137**

Total non-current provisions	**123**	0	0	0	0	**14**	**137**
Other provisions	**344**	0	6	341	25	662	**646**
Total current provisions	**344**	**0**	**6**	**341**	**25**	**662**	**646**
Total provisions	**467**	**0**	**6**	**341**	**25**	**676**	**783**

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.

	12/31/2015 **€ '000**	12/31/2014 € '000
Provisions as of January 1 (=DBO)	**137**	123
Past service costs	**-21**	3
Interest costs	**2**	3
Actuarial gains/losses	**-5**	8
Provisions as of December 31 (=DBO)	**113**	137

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:

	12/31/2015	12/31/2014
Interest rate	**2.00%**	2.25%
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	**AVÖ-P 2008, (salaried employees)**	AVÖ-P 2008, (salaried employees)

A sensitivity analysis for the key assumptions as of December 31, 2015 and December 31, 2014 is presented below:

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%

December 31, 2014

Assumptions for severance provisions: Parameter (absolute change)			DBO (relative change)	
Future return	-1.00%	+1.00%	+11.4%	-9.9%
Future salary increase	-0.50%	+0.50%	-5.0%	+5.3%

11. Liabilities to customers

	12/31/2015 € '000	12/31/2014 € '000
Liabilities from services received	**212**	2,076
Deferred fee and commission liabilities	**4,119**	11,256
Total	**4,331**	13,332

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 fair values.

12. Other current liabilities

	12/31/2015 € '000	12/31/2014 € '000
Liabilities to tax authorities	**228**	219
Liabilities to social insurance institutions	**247**	167
Liabilities for premiums and bonuses	**2,021**	2,732
Liabilities for outstanding leave	**229**	282
Miscellaneous	**1,034**	1,127
Other non-financial liabilities	**3,759**	4,526

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, 2015, the C-QUADRAT Group has bank liabilities in the amount of EUR 44 thousand (December 31, 2014: EUR 3,223 thousand). The loan, which was still outstanding in the previous year, was fully repaid, ahead of schedule, in the current financial year. Accordingly, 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 and CHF exchange rates which is reasonably possible. A positive figure indicates an increase in the net income for the year, if the GBP or CHF increases 10% in relation to the euro. If the respective currency falls by 10% against the euro, this has an equally large but opposite effect on the net income for the year, so the items shown below would then be negative. There are no effects on equity.

	GBP effects		**CHF effects**	
	2015	2014	**2015**	2014
	€ ’000	€ ’000	**€ ’000**	€ ’000
Pre-tax earnings	**511**	624	**174**	432
Equity	**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, C-QUADRAT generated 11% of revenues in foreign currencies, mainly GBP (9%) and CHF (2%). A majority of the company’s business operations are carried out within the Eurozone. Above all this applies with respect to the subsidiaries C-QUADRAT Kapitalanlage AG, C-QUADRAT Asset Management GmbH and C-QUADRAT Deutschland GmbH. CUK Group also has operations outside of the Eurozone.

Credit risk

The Group concludes transactions only with recognized and creditworthy third parties. All customers wishing to trade with the Group on credit terms are subjected to a credit assessment. Receivables are also monitored continuously, with the result that the Group is not exposed to any significant default risk. For the Group’s other financial assets, such as cash and cash equivalents, 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 57 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 33,956 thousand (December 31, 2014: EUR 22,439 thousand), which is equivalent to approx. 47.4% of the balance sheet total (December 31, 2014: 28.8%). The company therefore has robust liquidity at its disposal.

As of December 31, 2015, the Group's undiscounted cash outflows for financial liabilities had the following maturities:

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**

Maturities, 2014	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	0	1,258	2,070	0	**3,328**
Liabilities to customers	13,332	0	0	0	0	**13,332**
Total	13,332	0	1,258	2,070	0	**16,660**

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 of not less than 20% (in accordance with IFRS, adjusted for the provisions in the Austrian Securities Supervision Act 2007 (WAG)) or not less than 30% (in accordance with IFRS):

	12/31/2015	12/31/2014
	€ ’000	€ ’000
Share capital	**4,363**	4,363
Reserves	**16,218**	16,161
Group profits	**20,160**	21,839
Profit carryforward less dividend	**14,714**	5,971
Non-controlling interests	**829**	997
Equity according to IFRS	**56,284**	49,332
Liabilities	**15,167**	28,517
Total equity and liabilities	**71,451**	77,848
Equity ratio according to IFRS	**78.8%**	63.4%

As the parent company of the C-QUADRAT Group and as an investment firm, C-QUADRAT Investment AG was subject to the provisions on equity in the Austrian Securities Supervision Act 2007 (WAG 2007). C-QUADRAT Investment AG voluntarily relinquished its securities license on July 3, 2015.

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 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 the party is 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.

As of December 31, 2015, the C-QUADRAT Group has extended advances to shareholders or members of the parent company’s management board or members of the management boards or management of subsidiaries in the amount of EUR 252 thousand (December 31, 2014: EUR 0 thousand).

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 57 thousand (previous year: EUR 184 thousand). These companies are not audited due to the guarantees pursuant to paragraph 479a *AktG* (UK). C-QUADRAT Investment AG assumes any liabilities that may be asserted against these companies.

Management Board

In the 2015 financial year, the Management Board of C-QUADRAT Investment AG consisted of the following persons:

Gerd Alexander Schütz
Thomas Riess
Cristobal Mendez de Vigo, from July 15, 2015

The gross remuneration paid to the Management Board members of C-QUADRAT Investment AG totaled EUR 879 thousand in the 2015 financial year, including variable remuneration components amounting to EUR 274 thousand (2014: EUR 307 thousand in variable components, EUR 745 thousand in total). Severance expenses for members of the Management Board of C-QUADRAT Investment AG amounted to EUR 0 thousand (2014: 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 2015 financial year (2014: EUR 0 thousand).

As of December 31, 2015, the C-QUADRAT Group has extended advances to shareholders or members of the parent company's management board or members of the management boards or management of subsidiaries in the amount of EUR 252 thousand (December 31, 2014: EUR 0 thousand). There are no contingent liabilities.

Supervisory Board

In the 2015 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
Dr. Fritz Schweiger
Klemens Hallmann, since May 8, 2015

At C-QUADRAT Investment AG, the remuneration paid to members of the Supervisory Board for the 2015 financial year amounted to EUR 74 thousand (2014: EUR 58 thousand). Within the Group, remuneration paid to members of the Supervisory Board amounted to EUR 94 thousand (2014: EUR 80 thousand).

16. Events after the balance sheet date

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 objection against the Austrian Financial Market Authority's audit findings and assessment notice in good time on December 23, 2015. As of the reporting date, the company has been notified of the Austrian Financial Market Authority's preliminary decision, in which it stands by its previously expressed legal opinion. C-QUADRAT Investment AG is currently reviewing whether to file an appeal before the Austrian Federal Administrative Court. The proceedings have therefore not yet been completed.

Shareholder structure:

Cubic (London) Limited, 1, c/o Memery Crystal LLP, 44 Southhampton Buildings, London WC2A 1 AP ("Cubic") is a limited liability company under the law of the United Kingdom and is jointly owned by San Gabriel Privatstiftung, seated in Vienna, business address: Waldegghofgasse 3, 1170 Vienna, companies register no. FN 195929g ("San Gabriel") and by T.R. Privatstiftung, Vienna, business address: Schottenfeldgasse 20, 1070 Vienna, companies register no. 195928f, ("T.R."), each of which holds half of the interests in Cubic.

On January 15, 2016, Cubic concluded a share purchase agreement subject to conditions precedent (other analogous derivative financial instrument pursuant to Section 91a (1) Item 1 of the Austrian Stock Market Act (Börsegesetz, BörseG)) with Talanx Asset Management GmbH, Charles-de-Gaulle-Platz 1, 50679 Cologne, for a total of 1,095,162 ordinary shares in C-QUADRAT, which represents a 25.10% interest in the voting rights in the issuer (long stop date: September 30, 2016). This was notified as of January 18, 2016.

On March 10, 2016, Cubic concluded further purchase and contribution contracts subject to conditions precedent (other analogous derivative financial instrument pursuant to Section 91a (1) Item 1 BörseG) with other core shareholders for a total of 2,856,344 ordinary shares in C-QUADRAT, which represents a 65.46% interest in the voting rights in the issuer (long stop date: September 30, 2016). Moreover, Mr. Thomas Riess has sold 27,000 shares to T.R. subject to conditions precedent (long stop date: September 30, 2016).

In addition, on March 10, 2016 T.R., San Gabriel, Hallmann Holding International Investment GmbH, Q-CAP Holdings Ltd, Mr. Carlo Michienzi, Mr. Matteo Pusineri and Mr. Kerry Mentasti-Granelli concluded a syndication agreement subject to conditions precedent in relation to Cubic and C-QUADRAT.

Subject to fulfillment of all of the conditions precedent, Cubic will purchase a total of 3,951,506 ordinary shares in C-QUADRAT, which represents a 90.56% interest in the voting rights in the issuer.

Associates:

Moreover, for strategic reasons the Management Board has decided to reduce C-QUADRAT Investment AG's interest in the German investment firm QC Partners GmbH from the original 50.01% to 9%. The Supervisory Board approved this move through its circular decision of March 17, 2016. This transaction is subject to the condition precedent of non-disallowance by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, *BaFin*). These proceedings are still pending as of the preparation of the Notes.

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 year under review. 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.

In 2015, the cash flow from investing activities includes payments for the establishment of subsidiaries in the amount of EUR 36 thousand (2014: EUR 1,559 thousand for the remaining consideration which was paid over to the previous owners of the CUK Group). Please see ***Item III. of the Notes*** for further details.

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:

	12/31/2015 EUR MILLION	12/31/2014 EUR MILLION
ARTS Asset Management GmbH	**2,633**	2,349
C-QUADRAT Asset Management GmbH	**1,454**	1,369
CUK Group	**979**	1,147
QC Partners GmbH	**306**	310
SMN	**34**	35
Total volume	**5,406**	5,210

Average number of employees during the financial year

	2015 Total	2014 Total
Group	**88**	86
of whom full-time employees	***79***	*80*
of whom part-time employees	***9***	*6*
of whom in Austria	***63***	*63*
of whom in other countries	***25***	*23*

The above figures for the Group's number of employees exclusively comprise salaried employees (i.e. excluding casual workers).

Vienna, April 5, 2016

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

Group Management Report
C-QUADRAT Investment AG
on the Consolidated Financial Statements as of December 31, 2015

Review of the economic situation and the capital markets in 2015

In the first quarter of the year, the European Central Bank and China implemented further quantitative easing mechanisms. The euro fell against key currencies, and the euro's weakness strengthened the European export sector. Quantitative easing has fired up the global stock markets. Commodities prices stabilized. The level of risk resulting from political conflicts (particularly in relation to the Ukraine conflict) declined. The middle of the year was shaped by uncertainty in connection with a possible Grexit and the consequences for Europe's general economic position. The stock markets generally came under pressure. Toward the end of the year, fears of a slowdown of the Chinese economy were increasingly prominent. Fears of declining demand from China in particular prompted falling equities and commodities prices worldwide. The bond markets were increasingly rediscovered as a safe haven, which resulted in rising bond yields. In Germany, Volkswagen came under pressure due to fraud allegations over emissions values. The Syria conflict resulted in a refugee crisis which gave rise to heightened risk expectations in relation to the stability of the European Union and its economy. For the coming year, we expect the Chinese economy to stabilize due to measures implemented by the central government and envisage a slight pickup in economic output in the industrialized nations. The euro-denominated money supply is to be expanded in order to combat the low level of inflation. At the same time, we expect rising interest rates in the United States, which will strengthen the dollar and weaken the euro. We also envisage continuing low commodities prices and equities trends which will be volatile but stable in a global context.

Business development and situation of the company

The 2014 financial year was the most successful financial year in the company's history of more than 20 years. The 2015 financial year was similarly successful and, with a net profit of EUR 20.7m, the second most successful in the Group's history (previous year: 22.4m). The volume of assets entrusted to us had increased to in excess of EUR 5.4 billion as of the end of the year (previous year: 5.2 billion). Income from shares in related companies and income from shares in associates are both once again very high and close to the previous year's levels. Many of our products have received awards from various independent bodies.

Despite the positive earnings side of the balance sheet, in 2015 the management board of the holding initiated concrete strategic steps on the expense side in order to reduce the administrative workload, the liability risk and the level of complexity and, by extension, the ongoing costs. Operating expenses excluding fee and commission expenses and finance costs were reduced from 23.3m to 22.7m. The most important change related to the outsourcing of C-QUADRAT Kapitalanlage AG's investment fund management company function to external investment fund management companies. The Management Board expects this to enable further savings and efficiency gains in the coming year and an even stronger focus for the Group on portfolio management and growth.

Of the total volume of 29 investment fund management mandates, a total of 8 of these mandates were transferred to Germany's Ampega Investment GmbH with effect as of October 26, 2015 and the remaining 11 mandates to Austria's Raiffeisen Kapitalanlagegesellschaft m.b.H. with effect as of January 1, 2016. In both cases, this transfer proceeded as planned and without any incidents. Concurrently with this transfer, the external management companies delegated the task of portfolio management for these investment fund management mandates to C-QUADRAT Kapitalanlage AG. C-QUADRAT Kapitalanlage AG thus continues to receive the proceeds of management of these investment fund management mandates. For its part, C-QUADRAT Kapitalanlage AG has subdelegated portfolio management to the companies which previously acted as fund managers, ARTS Asset Management GmbH and C-QUADRAT Asset Management GmbH.

Together with the transfer of the investment fund management mandates, the procedure for calculation and settlement of third-party commission entitlements – which the company had previously exclusively handled with the assistance of an external service provider – also underwent changes. As well as the administration of the investment fund management mandates, 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), in both economic and procedural terms. For the 4th quarter of 2015, Ampega Investment GmbH settled up and remunerated the 1st line directly for the first time. Raiffeisen Kapitalanlagesellschaft m.b.H. will only settle up the 1st line from 2016. After deduction of these fee and commission expenses and the administration fee received by the management companies for their service, C-QUADRAT Kapitalanlage AG receives the remainder of the management fee and is thus only responsible for the settlement process in case of direct agreements with other customers and partners. The company continues to cooperate with this external service provider in this area. C-QUADRAT Kapitalanlage AG receives the performance fee from the external management companies without any deductions.

The following changes resulted 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. 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 thousand. The company is wholly owned by C-QUADRAT Luxembourg SA. The company will be fully consolidated from the date of its establishment.

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

The principal shareholders are Talanx Asset Management GmbH (25.10%), T.R. Privatstiftung (20.20%) and San Gabriel Privatstiftung (15.68%), with the latter two foundations being parties to a syndication agreement. Moreover, Laakman Holding Ltd. has an 18.41% interest and Hallmann Holding International Investment GmbH a 9.99% interest in C-QUADRAT Investment AG.

At the 28th Annual General Meeting of C-QUADRAT Investment AG held on May 8, 2015, the authorization for non-specific repurchasing of treasury stock pursuant to the resolution passed by the 26th Annual General Meeting on May 3, 2013 was cancelled and the Management Board was simultaneously authorized pursuant to Section 65 (1) No. 8 of the Austrian Stock Corporation Act (AktG) to acquire no-par-value bearer shares of the company, up to a maximum of 10% of the company's share capital, for a period of 30 months from the date of the Annual General Meeting's resolution, for a minimum price corresponding to a market rate of EUR 1 and a maximum price corresponding to a market rate of EUR 60.00. The Management Board was also authorized to withdraw repurchased treasury stock without any further resolution passed by the Annual General Meeting. In addition, the Annual General Meeting authorized the Management Board to re-sell purchased treasury shares other than through the stock market or a public offering, while excluding the shareholders from subscribing. This requires the approval of the Supervisory Board pursuant to Section 65 (1b) of the Austrian Stock Corporation Act (AktG). A further shareholders' resolution is not required.

On the basis of this authorization of May 8, 2015, on September 9, 2015 the Management Board announced a new share buyback program which envisages repurchasing of a total of 218,160 shares, i.e. 5% of the current share capital. This share buyback program will begin on September 14, 2015 and end on October 31, 2017 at the latest.

Asset management

On December 31, 2015, the total assets under management of the C-QUADRAT Group amounted to EUR 5,406 million, an increase of EUR 196 million or 3.8% year-on-year (December 31, 2014: EUR 5,210 million). The further growth of the volume of assets entrusted to us and the large number of awards for products of the C-QUADRAT Group indicate our customers' level of satisfaction.

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

	12/31/2015 EUR million	12/31/2014 EUR million
ARTS Asset Management GmbH	**2,633**	2,349
C-QUADRAT Asset Management GmbH	**1,454**	1,369
CUK Group	**979**	1,147
QC Partners GmbH	**306**	310
SMN	**34**	35
Total volume	**5,406**	5,210

2015 was a successful financial year for the investment funds managed by the company and for these funds' managers.

In 2015 GELD magazine once again chose ARTS Asset Management GmbH, a member of C-QUADRAT Group, as Austria's most successful fund-of-funds manager. The company was ranked in first place on the ninth consecutive occasion at the Austrian fund-of-funds awards which GELD magazine has conferred since 2001. In 2015, the funds of C-QUADRAT and ARTS were rewarded with 6 first, 4 second and 3 third places. Over the past 15 years, the funds of C-QUADRAT and ARTS have received a total of 98 first places, 54 second places and 54 third places.

C-QUADRAT also once again scored highly at the 2015 Lipper Fund Awards. Funds managed by ARTS garnered a total of thirteen prizes at the awards for Europe, Germany and Austria. There were also prizes at the €uro Fund Awards. The funds of C-QUADRAT and ARTS were rewarded with 5 first, 3 second and 2 third places.

The performance of the Vienna team of C-QUADRAT Asset Management GmbH was recognized and one of its green funds picked up a prize at the international Hedge Fund Awards in London.

C-QUADRAT Asset Management (UK) LLP and its Swiss subsidiary BCM & Partners SA have already picked up 14 prizes. Aside from the award received by the DUEMME SICAV: C-QUADRAT Euro Investments Plus and a number of other prizes, the renowned magazine Business Worldwide M&A selected the Swiss BCM as "Asset Manager of the Year". BCM also won the "Best Asset Management Service" prize at the 2015 AI Award. On top of this, the bond specialists picked up the "Best for Alternative Investment Fund Management" and "Swiss Multi Strategy Asset Management Firm" awards at the 2015 Hedge Fund Awards. Furthermore, BCM received "Best Asset Management Service" at the 2015 Fund Awards and "Fund Management of the Year" at the 2015 Corporate Live Wire Awards. Two further important prizes for "Most Outstanding Credit Specialist" were presented to C-QUADRAT UK and BCM by Innovation and Excellence. ACQ awarded the title "Credit Fund Specialists of the Year for a Consecutive Year".

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

2015 was a highly successful year, the second most successful in the history of C-QUADRAT. Net fee and commission income – i.e. fee and commission income less fee and commission expenses – amounted to EUR 39,874 thousand in the past financial year (previous year: EUR 42,025 thousand). Net fee and commission income excluding performance fees amounted to EUR 22,410 thousand (previous year: EUR 21,194 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.For the 4th quarter of 2015, Ampega Investment GmbH settled up and remunerated the 1st line directly for the first time. Since the fully consolidated C-QUADRAT Kapitalanlage AG has only received the residual amount from the external management company as fee and commission income, following settlement of the 1st line, the fee and commission income and expenses shown in the income statement are lower than they would have been if C-QUADRAT Kapitalanlage AG had settled up the 1st line itself throughout 2015. Raiffeisen Kapitalanlagesellschaft m.b.H. will only settle up the 1st line from 2016.

Aside from fee and commission income, other operating income of EUR 520 thousand (previous year: EUR 959 thousand) contributed to total revenues.
Personnel expenses have decreased by EUR 622 thousand or 5.3% to EUR 11,083 thousand (previous year: EUR 11,705 thousand). Other administrative expenses and other operating expenses have decreased overall by EUR 114 thousand or 1.2% to EUR 9,594 thousand (previous year: EUR 9,708 thousand). The trend on the expense side of the balance sheet reflects the strategy of the holding's management board 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 19,717 thousand in the 2015 financial year, which was lower than in the previous year (previous year: EUR 21,572 thousand). Depreciation – which includes systematic amortization of the Group's customer base – amounts to EUR 1,991 thousand (2014: EUR 1,892 thousand). The operating profit amounts to EUR 17,727 thousand (previous year: EUR 19,681 thousand). Net income from associates of EUR 7,443 thousand is lower than the previous year's record figure of EUR 8,512 thousand. The financial result amounts to EUR 160 thousand (previous year: EUR -1,055 thousand). A group taxation arrangement between C-QUADRAT Investment AG and C-QUADRAT Kapitalanlage AG and C-QUADRAT Asset Management GmbH led to a tax burden for the C-QUADRAT Group of EUR 4,598 thousand (previous year: EUR 4,779 thousand). This represents a net profit for the year of EUR 20,731 thousand (previous year: EUR 22,359 thousand).

Balance sheet

The balance sheet total as of December 31, 2015 amounted to EUR 71,451 thousand and has thus decreased by EUR 6,397 thousand or 8.2% in relation to the balance sheet total as of December 31, 2014 in the amount of EUR 77,848 thousand. This reflects factors including a decline in receivables from customers by comparison with the previous year. Receivables from customers have decreased by EUR 16,259 thousand or 78.3% to EUR 4,504 thousand (2014: EUR 20,763 thousand). At the same time, liabilities to customers have decreased by EUR 9,001 thousand or 67.5% to EUR 4,331 thousand (2014: EUR 13,332 thousand). At EUR 33,956 thousand, cash and cash equivalents have increased by EUR 11,517 thousand or 51.3% on the previous year (2014: EUR 22,439 thousand). In the 2015 financial year the C-QUADRAT Group has maintained extremely robust liquidity alongside its securities investments, since cash and cash equivalents comprise approx. 47.5% of its balance sheet total (2014: 28.8%).

Key performance figures

Cash flow from operating activities has risen significantly year-on-year, from EUR 14,554 thousand to EUR 21,349 thousand, mainly due to the changes in receivables and other assets. Cash flow from investment activities was EUR 7,281 thousand, compared to EUR 598 thousand in the same period in the previous year. Due to the dividends paid and the full loan repayment, cash flow from financing activities amounts to EUR -17,171 thousand, compared to the previous year's figure of EUR -10,252 thousand. The overall cash flow for the Group amounts to EUR 11,517 thousand in the 2015 financial year due to the activities outlined above, while the cash flow in the previous year totaled EUR 4,944 thousand.

The cost-to-income ratio (total costs/total revenues before taxes) amounts to 72.3%, while the figure for the previous year was 74.6%.

The EBITDA margin (operating profit before depreciation and amortization/total revenues) increased from 22.7% in 2014 to 23.5% in 2015.

On average, the C-QUADRAT Group had 88 employees on its payroll over the financial year (2014: 86 employees).
Two compliance training sessions were held for the company's employees in the 2015 financial year (1st and 2nd half of the year). The training held in the 1st half of the year focused on organizational and administrative measures associated with confidentiality.

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. Through the decision outlined above of ceasing to operate as a management company, the transfer of the mandates of C-QUADRAT Kapitalanlage AG to external management companies and the changeover relating to the calculation of commission, the Group has taken some important steps in this direction.

This organizational and functional change for C-QUADRAT Kapitalanlage AG 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. Even though this will very likely be postponed for one year, the Group will tackle this issue early on through a separate project, possibly with the assistance of external advisors. The Group will also step up its internal initial and advanced training measures in this respect.

For further details on risk management, reference is made to Item 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 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, cash flow management and reporting. Bookkeeping for C-QUADRAT Investment AG and C-QUADRAT Kapitalanlage AG is carried out internally. Bookkeeping for the company's other 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), sales statistics and cash flow management. 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 such as interest rate swaps 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 13 of the notes to the consolidated financial statements.

Outlook for the Group

As always, the Group's revenue trend depends on events on the international financial markets. The Group is well placed for 2016. The company has a portfolio of exciting products and enjoys a solid financial footing and can thus justifiably look forward to the year 2016 with confidence.
Moreover, marketing activities will be further developed in Central and Eastern Europe and new markets are to be tapped in order to safeguard C-QUADRAT's existing market positions and to extend

them where possible. The Institutional Sales division is to be further expanded. Over the past few years, the portfolio of investments of the C-QUADRAT Group has been strongly diversified. The Group has expanded its product range and developed new groups of clientele and markets.
In overall terms, the C-QUADRAT Group envisages another positive performance in 2016.

Events after the balance sheet date

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 objection against the Austrian Financial Market Authority's audit findings and assessment notice in good time on December 23, 2015. As of the reporting date, the company has been notified of the Austrian Financial Market Authority's preliminary decision, in which it stands by its previously expressed legal opinion. C-QUADRAT Investment AG is currently reviewing whether to file an appeal before the Austrian Federal Administrative Court. The proceedings have therefore not yet been completed.

Cubic (London) Limited, 1, c/o Memery Crystal LLP, 44 Southhampton Buildings, London WC2A 1 AP ("Cubic") is a limited liability company under the law of the United Kingdom and is jointly owned by San Gabriel Privatstiftung, seated in Vienna, business address: Waldegghofgasse 3, 1170 Vienna, companies register no. FN 195929g ("San Gabriel") and by T.R. Privatstiftung, Vienna, business address: Schottenfeldgasse 20, 1070 Vienna, companies register no. 195928f, ("T.R."), each of which holds half of the interests in Cubic.

On January 15, 2016, Cubic concluded a share purchase agreement subject to conditions precedent (other analogous derivative financial instrument pursuant to Section 91a (1) Item 1 of the Austrian Stock Market Act (Börsegesetz, BörseG)) with Talanx Asset Management GmbH, Charles-de-Gaulle-Platz 1, 50679 Cologne, for a total of 1,095,162 ordinary shares in C-QUADRAT, which represents a 25.10% interest in the voting rights in the issuer (long stop date: September 30, 2016).

On March 10, 2016, Cubic concluded further purchase and contribution contracts subject to conditions precedent (other analogous derivative financial instrument pursuant to Section 91a (1) Item 1 BörseG) with other core shareholders for a total of 2,856,344 ordinary shares in C-QUADRAT, which represents a 65.46% interest in the voting rights in the issuer (long stop date: September 30, 2016). Moreover, Mr. Thomas Riess has sold 27,000 shares to T.R. subject to conditions precedent (long stop date: September 30, 2016).

In addition, on March 10, 2016 T.R., San Gabriel, Hallmann Holding International Investment GmbH, Q-CAP Holdings Ltd, Mr. Carlo Michienzi, Mr. Matteo Pusineri and Mr. Kerry Mentasti-Granelli concluded a syndication agreement subject to conditions precedent in relation to Cubic and C-QUADRAT.

Subject to fulfillment of all of the conditions precedent, Cubic will purchase a total of 3,951,506 ordinary shares in C-QUADRAT, which represents a 90.56% interest in the voting rights in the issuer.

Moreover, for strategic reasons the Management Board has decided to reduce C-QUADRAT Investment AG's interest in the German investment firm QC Partners GmbH from the original 50.01% to 9%. The Supervisory Board approved this move through its circular decision of March 17, 2016. This transaction is subject to the condition precedent of non-disallowance by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, *BaFin*). These proceedings are still pending as of the preparation of the Group management report.

Thanks

The Management Board would thus like to express thanks for investors’ confidence in the corporate group and also to the Group’s employees who enabled this outstanding result.

Vienna, April 5, 2016

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

Auditor’s Report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of C-QUADRAT Investment AG, comprising of the consolidated statement of financial position as of 31.12.2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended, and the notes.

Management’s Responsibility for the Consolidated Financial Statements

The Company’s management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. These principles require the application of International Standards on Auditing. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2015 and of its financial performance and its cash flows for the fiscal year from January 1, 2015 to December 31, 2015 in accordance with International Financial Reporting Standards as adopted by the EU, and the additional requirements under section 245a UGB.

Comments on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB are appropriate.

Vienna, April 05, 2016

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, 2015

ASSETS

	31.12.2015 EUR	31.12.2014 TEUR
A. Fixed assets		
I. Intangible assets		
1. Concession, commercial propertiy rights and similar rights and advantages and Licences	79,498.04	44
II. Tangible assets		
1. Fixtures and fittings in third-party-buildings	1,081,220.50	1,027
2. Assets and office euipment	633,030.54	585
3. Advance payments	0.00	5
	1,714,251.04	1,617
III. Financial assets		
1. Investments in affiliated companies	25,002,356.80	25,002
2. Investments	6,388,551.70	6,389
3. Shares (value rights) of assets	476,300.00	344
	31,867,208.50	31,735
	33,660,957.58	**33,396**
B. Currents assets		
I. Accounts receivable and other assets		
1. Accounts receivable trade	62,291.19	37
2. Accounts receivable affiliated companies	19,205,776.01	20,170
3. Other accounts recivable and assets	130,518.40	272
	19,398,585.60	20,479
II. Shares and holdings		
1. Other shares and holdings	15,450.00	15
III. Cash, bank deposits	5,826,680.48	39
	25,240,716.08	**20,533**
C. Accruals	89,069.74	28
	58,990,743.40	**53,958**

EQUITY AND LIABILITIES

	31.12.2015 EUR	31.12.2014 TEUR
A. Equity		
I. Issued capital	4,363,200.00	4,363
II. Capital reserve		
1. Appropriated	18,747,171.50	18,747
III. Capital reserve		
1. Statutory reserve	24,240.00	24
IV. Balance sheet profit	30,867,073.85	21,984
thereof profit carried forward	*8,894,155.67*	*708*
	54,001,685.35	**45,118**
B. Investmentg grants	212,500.00	238
C. Provisions		
1. tax provisions	3,933,680.00	3,567
2. other provisions	522,497.91	564
	4,456,177.91	4,132
D. Liabilities		
1. Liabilites to banks	0.00	3,223
2. Liabilities trade	119,448.58	164
3. Liabilites to affiliated companies	0.00	940
4. Other liabilites	200,931.56	143
thereof tax	*35,694.98*	*30*
thereof for social security	*14,321.50*	*12*
	320,380.14	4,470
	58,990,743.40	**53,958**
Contingent liabilites	**56,607.00**	**184**

C-QUADRAT Investment AG, Wien

Income statement for the period January 1, 2015 until December 31, 2015

		2015 EUR	2014 TEUR
1.	Revenues	**105,773.85**	**95**
2.	Other revenues		
	a) Income from disposal of fixed assets	0.00	16
	b) Income from reversal of provisions	3,238.00	18
	c) others	969,549.42	683
		972,787.42	**717**
3.	Personnel expenses		
	a) Wages and salaries	-1,122,890.48	-1,120
	b) Payments to employee pension fund	-12,218.07	-17
	c) Expenses for severance payments and contributions to company pension scheme Expenses for statutory social insurance	-175,594.85	-152
	d) Other expenses	-2,410.09	-2
		-1,313,113.49	**-1,291**
4.	Depreciation of intangible assets and tangible fixed assets	**-333,872.50**	**-195**
5.	Other administrative expenses (non-personnel)		
	a) tax, as not under Z 15	-165,424.80	-250
	b) others	-2,383,191.72	-2,381
		-2,548,616.52	**-2,631**
6.	**Subtotal Z 1 until 5 (operating result)**	**-3,117,041.24**	**-3,305**
7.	Income from investments	24,499,945.00	22,338
	thereof affiliated companeis	*16,039,945.00*	*18,119*
8.	Inocme from securities	18,410.97	2
9.	Other interest and similar revenues	15,124.03	12
10.	Income from disposal and attribution of financial assets and securites of current assets	147,257.95	101
11.	Expenses from financial assets and securities of current assets	-24,100.00	-899
	thereof depreciation	*-23,700.00*	*-899*
12.	Interest and similar expense	-57,973.53	-190
	thereof affiliated companeis	*-5,360.00*	*-13*
13.	**Subtotal Z 7 until 12 (finance result)**	**24,598,664.42**	**21,363**
14.	**Result from ordinary business activities**	**21,481,623.18**	**18,059**
15.	Taxes on income and revenues	491,295.00	1,591
16.	**Net profit before changes in reserves**	**21,972,918.18**	**19,650**
17.	Changes in reserves	0.00	1,627
18.	Net profit	21,972,918.18	21,276
19.	Profit carried forward	8,894,155.67	708
20.	**Balance sheet profit**	**30,867,073.85**	**21,984**

Accounting policies

General principles

The annual financial statements were prepared 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 accounting, measurement and reporting of the individual items in the annual financial statements were carried out in accordance with the general provisions in Sections 196 to 211 of the Austrian Commercial Code (UGB), in compliance with the special provisions for corporations in Sections 222 to 235 UGB. The income statement is laid out pursuant to Section 231 (2) UGB, in accordance with the nature of expense method.

The annual financial statements were prepared in compliance with the principle of completeness.

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 contingencies were taken into account.

Fixed assets

Acquired intangible assets

Acquired intangible assets were recognized at cost and, if subject to depreciation, were reduced in carrying amount by applying systematic depreciation.

Systematic depreciation is carried out using the straight-line method, based on the following useful lives:

	Useful life in years
• License rights, IT software	3 - 4

Property, plant and equipment

Property, plant and equipment were recognized at cost and reduced in carrying amount, where relevant, by applying systematic depreciation.

With the exception of depreciation for cars – which is recognized according to the declining-balance method – systematic depreciation is carried out using the straight-line method. The following useful lives are assumed for individual asset categories:

	Useful life in years
• Other plant, operating and office equipment	3 - 10

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

In case of the declining balance method of depreciation, each year a fixed percentage is newly deducted from the carrying amount for the previous year. This percentage corresponds to a specified multiple (factor of 1.3) of the depreciation percentage applicable in case of straight-line depreciation.

Moveable fixed assets with a value of up to EUR 400.00 and intended for provision in return for consideration, were capitalized in the year they were added, in accordance with fiscal regulations, and systematically depreciated.

The other low-value assets purchased during the financial year were written down in full in the year of purchase.

Financial assets

Financial assets were measured at cost and subjected, where necessary, to extraordinary depreciation.

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.

Foreign currency receivables are measured at the rate applicable as of the transaction date or the lower currency buying rate as of the balance sheet date.

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 accordance with a prudent commercial assessment and 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 in fact.

Liabilities

Liabilities are measured at the repayment amount and by applying the precautionary principle.

Foreign currency liabilities are measured at the rate applicable as of the transaction date or a higher conversion rate as of the balance sheet date.

Notes on the balance sheet

General disclosures

Basis for conversion of foreign exchange items into EUR

The annual financial statements contain foreign-currency items that have been converted into EUR.

Foreign currency receivables have been recognized at the currency buying rate as of the respective transaction date. Price declines as of the balance sheet date resulted in corresponding depreciation.

For bank balances, the currency buying rate was taken into consideration.

Foreign currency liabilities have been recognized at the currency selling rate as of the respective transaction date. Price gains as of the balance sheet date resulted in a corresponding revaluation.

Changes to form of presentation in relation to the previous year

The following changes have been made to the form of presentation in relation to the previous year:
In previous years, the accounting, measurement and reporting of the individual items of the annual financial statements were carried out in accordance with the general provisions of the Austrian Commercial Code (UGB), including the special provisions for investment firms stipulated in Section 73 of the Austrian Securities Supervision Act 2007 (WAG 2007). The balance sheet and the income statement are laid out according to Section 43 of the Austrian Banking Act (BWG), Annex 2.

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 WAG 2007. From the current 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 general provisions in Sections 196 to 211 of the Austrian Commercial Code (UGB), in compliance with the special provisions for corporations in Sections 222 to 235 UGB. The income statement is laid out pursuant to Section 231 (2) UGB, in accordance with the nature of expense method.

Legal risks

On July 3, 2015 the company relinquished its license to operate as an investment firm and sold its mandatory interest in Anlegerentschädigung von Wertpapierfirmen GmbH (“AeW”). It is thus no longer subject to the AeW rules. In the light of these facts, the company does not expect to incur any payment obligation pursuant to Section 75 WAG 2007 and has therefore refrained from establishing provisions.

Comments on individual items of the balance sheet and the income statement

Development of fixed assets

The following table shows the development of individual fixed asset items and the breakdown of annual depreciation by individual item (Section 226 (1) UGB):

	Cost 1/1/2015 12/31/2015 EUR	Addition Reclassification EUR	Disposal Reclassification EUR	Cumulative depreciation 1/1/2015 12/31/2015 EUR	Carrying amount 1/1/2015 12/31/2015 EUR	Depreciation Write-up EUR
I. Intangible assets						
1. Industrial property rights plus similar rights and benefits and software	229,657.59	72,177.69	29,266.41	185,437.64	44,219.95	36,119.56
	272,568.87	0.00	0.00	193,070.83	79,498.04	0.00
II. Property, plant and equipment						
1. Fixtures in third-party buildings	1,080,829.67	166,968.81	0.00	54,041.48	1,026,788.19	126,295.00
	1,261,556.98	13,758.50	0.00	180,336.48	1,081,220.50	0.00
2. Operating and office equipment	861,573.96	292,958.21	109,953.06	276,439.36	585,134.60	171,457.94
	1,044,579.11	141,169.49	141,169.49	411,548.57	633,030.54	0.00
3. Advances paid	5,140.59	14,519.21	0.00	0.00	5,140.59	0.00
	0.00	0.00	19,659.80	0.00	0.00	0.00
	1,947,544.22	474,446.23	109,953.06	330,480.84	1,617,063.38	297,752.94
	2,306,136.09	154,927.99	160,829.29	591,885.05	1,714,251.04	0.00
III. Financial assets						
1. Shares in related companies	25,002,356.80	0.00	0.00	0.00	25,002,356.80	0.00
	25,002,356.80	0.00	0.00	0.00	25,002,356.80	0.00
2. Participations	6,388,951.70	0.00	400.00	0.00	6,388,951.70	0.00
	6,388,551.70	0.00	0.00	0.00	6,388,551.70	0.00
of which shares in associates	*6,388,551.70*	*0.00*	*0.00*	*0.00*	*6,388,551.70*	*0.00*
	6,388,551.70	*0.00*	*0.00*	*0.00*	*6,388,551.70*	*0.00*
3. Investments (book-entry securities) held as fixed assets	500,000.00	500,000.00	500,000.00	156,200.00	343,800.00	23,700.00
	500,000.00	0.00	0.00	23,700.00	476,300.00	0.00
	31,891,308.50	500,000.00	500,400.00	156,200.00	31,735,108.50	23,700.00
	31,890,908.50	0.00	0.00	23,700.00	31,867,208.50	0.00
Total fixed assets	34,068,510.31	1,046,623.92	639,619.47	672,118.48	33,396,391.83	357,572.50
	34,469,613.46	154,927.99	160,829.29	808,655.88	33,660,957.58	0.00

Disclosures concerning financial instruments

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

Receivables and other assets

The following table indicates the residual maturities of the receivables shown in the balance sheet:

	Total amount € ’000	Thereof remaining life Up to 1 year € ’000
Trade accounts receivable	62	62
Previous year	37	37
Receivables from related companies	19,206	19,206
Previous year	20,170	20,170
Thereof deliveries of goods and provision of services	*139*	*139*
Previous year	*235*	*235*
Thereof other	*19,067*	*19,067*
Previous year	*19,935*	*19,935*
Other receivables and assets	131	131
Previous year	272	272
Total receivables	19,399	19,399
Previous year	20,479	20,479

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:

	12/31/2015 € ’000	12/31/2014 € ’000
Security deposits	0	20
Cash clearing account	4	0
Clearing account Management board/employees	2	1
Clearing account Daimler AG/value added tax portfolio	11	0
Other receivables	32	250
Tax office	0	1
Regular tax burden	80	0
	131	272

Tax deferment

Deferred tax assets not reported separately in the balance sheet amount to EUR 8 thousand, subject to a tax rate of 25% (previous year: EUR 46 thousand). Capitalization has been waived pursuant to Section 198 (10) UGB.

Allocation and reversal of 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 1/1/2015 € '000	Utilization € '000	As of 12/31/2015 € '000
Fixed assets			
Property, plant and equipment			
Fixtures in third-party buildings	238	25	213

Provisions

The following notes are made in respect of the provisions reported in the balance sheet:

	As of 1/1/2015 € '000	Appropriation € '000	Reversal € '000	Allocation € '000	As of 12/31/2015 € '000
Tax provisions					
for corporate income tax	3,567	3,567	0	3,934	3,934
Previous year	227	227	0	3,567	3,567
Other provisions					
for time account balances	3	3	0	3	3
Previous year	0	0	0	3	3
for outstanding leave	3	3	0	5	5
Previous year	3	3	0	3	3
for audit	54	54	0	54	54
Previous year	50	50	0	54	54
for legal and consultancy costs	98	94	3	42	42
Previous year	74	74	0	98	98
for premiums and bonuses	401	351	49	410	410
Previous year	362	362	0	401	401
miscellaneous	7	7	0	7	7
Previous year	18	0	18	7	7
	564	512	52	522	522
Previous year	507	490	18	564	564
Total provisions	4,132	4,080	52	4,456	4,456
Previous year	734	717	18	4,132	4,132

Liabilities

The following information is provided in respect of the maturity of the liabilities shown in the balance sheet:

	Total amount € '000	Thereof remaining life Up to 1 year € '000	Thereof remaining life > 1 year € '000	Thereof remaining life between 1 and 5 years € '000
Liabilities to banks	0	0	0	0
Previous year	3,223	1,223	2,000	2,000
Trade accounts payable	119	119	0	0
Previous year	164	164	0	0
Liabilities to related companies	0	0	0	0
Previous year	940	0	940	940
Thereof other	*0*	*0*	*0*	*0*
Previous year	*940*	*0*	*940*	*940*
Other liabilities	201	201	0	0
Previous year	143	143	0	0
Thereof from taxes	*36*	*36*	*0*	*0*
Previous year	*30*	*30*	*0*	*0*
Thereof for social security	*14*	*14*	*0*	*0*
Previous year	*12*	*12*	*0*	*0*
Total liabilities	320	320	0	0
Previous year	4,470	1,530	2,940	2,940

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:

	12/31/2015 € '000	12/31/2014 € '000
Wage tax	20	19
Liabilities for employer's contribution, addition to employer's contribution, municipal tax, employer's charge	5	4
Tax office	11	0
Regular tax burden	0	7
Liabilities for regional health insurance scheme (Gebietskrankenkasse)	14	12
Other liabilities	151	100
	201	143

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 145 thousand (previous year: EUR 523 thousand).

These obligations relate specifically to the following items:

	Overall obligation € ’000	Up to 1 year € ’000	Up to 5 years € ’000
Leasing liabilities	59	20	39
Previous year	100	41	59
Rent liabilities	86	24	61
Previous year	423	94	329

Contingent liabilities within the meaning of Section 199 UGB

The balance sheet as of December 31, 2015 shows contingent liabilities in the amount of EUR 56,607.00. 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 57 thousand (previous year: EUR 184 thousand).

INCOME STATEMENT

Changes in revenue

	2015 € ’000	2014 € ’000
Revenue Austria	0	0
Revenue EU	106	95
	106	95

Breakdown of payments to staff pension funds:

	2015 € ’000	2014 € ’000
Staff pension contributions	12	17

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 4,977 thousand (previous year: EUR 5,168 thousand) which group members are required to pay over to the group parent under the group agreement.

Other mandatory disclosures

Business objective:	According to its articles of association last amended September 21, 2015, the company has the following business objectives: 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 equity interests, 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. 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 WAG 2007.
Established:	November 25, 1991
Financial year:	January 1, 2015 to December 31, 2015
Legal form:	Stock corporation
Registered office:	Vienna
Business address:	Schottenfeldgasse 20, 1070 Vienna
Size of company:	Major corporation within the meaning of Section 221 UGB
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. The share capital therefore amounts to EUR 4,363,200.00 and has been fully paid in.

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.c-quadrat.com).

Disclosures concerning participations

In accordance with Section 238 No. 2 UGB, a report is submitted on the following entities:

Company name	Headquarters	Interest	Equity € '000	Last net profit/loss for the year € '000	Reporting date
C-QUADRAT Kapitalanlage AG	Vienna	100%	15,653	13,355	12/31/2015
C-QUADRAT Deutschland GmbH	Frankfurt	100%	135	25	12/31/2015
C-QUADRAT Asset Management GmbH	Vienna	74.9%	3,454	2,292	12/31/2015
C-QUADRAT Luxembourg SA	Luxembourg	100%	1,873	-24	12/31/2015
QC Partners GmbH	Frankfurt am Main	50.01%	1,176	55	12/31/2015
ARTS Asset Management GmbH	Vienna	45%	17,449	16,416	12/31/2015
Ampega C2 Fondsmarketing GmbH	Frankfurt am Main	50%	197	57	12/31/2015
C-QUADRAT Ampega Asset Mgmt Armenia LLC	Yerevan	74.9%	875	-60	12/31/2015

All participations in the above companies were recognized as fixed assets.

Number of employees

The following table shows the average number of employees (Section 239 (1) No. 1 UGB):

	2015	2014
White-collar employees	10	8
Total	10	8

Members of the Management Board

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

Representation: If several Management Board members are appointed the company is represented by two members of the Management Board acting jointly, or by one of them acting together with a person holding a joint power of representation (Gesamtprokurist).

Members of the Supervisory Board

In the 2015 financial year, the following persons were members of the Supervisory Board:

Members of the Supervisory Board:	Name	since
	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
Dr. Fritz Schweiger	9/5/2001

Remuneration for members of the Management Board and the Supervisory Board

The total amount of remuneration paid to members of the Management Board in the past financial year was EUR 723 thousand (previous year: EUR 745 thousand).
The total amount of remuneration paid to members of the Supervisory Board in the past financial year was EUR 74 thousand (previous year: EUR 68 thousand).

Advances, loans and liability for members of the Management Board and the Supervisory Board

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

Development of loans/advances	2015	2014
Member of the Management Board	€ ’000	€ ’000
Loans/advances to date	0	1
Interest in current reporting year	0	0
Newly granted in reporting year	39	8
Repayments in reporting year	-37	-9
	2	0

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.

Expenses for payments to staff pension funds:

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

	2015	2014
	€ ’000	€ ’000
Members of the Management Board	7	12
Executive employees	0	0
Other employees	5	5
	12	17

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 a segment subject to follow-up obligations following admission (Prime Standard)

Symbol:	C8I
German WKN:	AOHG3U
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 (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 shares of the company are no-par-value shares. 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.

Pursuant to Art. III (2) of the company's articles of incorporation, there is no entitlement to individual share certificates. It is permitted to issue collective deeds for shares. However, the type and form of collective deeds must conform to statutory requirements, particularly those laid down in the Austrian Safe Custody Act (Depotgesetz, DepotG) concerning collective safekeeping.

The share capital of the company amounts to EUR 4,363,200.00 and is divided up into 4,363,200 no-par-value bearer shares, each of which represents an equal interest in the share capital.

At the 28th Annual General Meeting of C-QUADRAT Investment AG held on May 8, 2015, the authorization for non-specific repurchasing of treasury stock pursuant to the resolution passed by the 26th Annual General Meeting on May 3, 2013 was cancelled and the Management Board was simultaneously authorized pursuant to Section 65 (1) No. 8 of the Austrian Stock Corporation Act (AktG) to acquire no-par-value bearer shares of the company, up to a maximum of 10% of the company's share capital, for a period of 30 months from the date of the Annual General Meeting's resolution, for a minimum price corresponding to a market rate of EUR 1.00 and a maximum price corresponding to a market rate of EUR 60.00. The Management Board was also authorized to withdraw repurchased treasury stock without any further resolution passed by the Annual General Meeting. In addition, the Annual General Meeting authorized the Management Board to re-sell purchased treasury shares other than through the stock market or a public offering, while excluding the shareholders from subscribing. This requires the approval of the Supervisory Board pursuant to Section 65 (1b) of the Austrian Stock Corporation Act (AktG). A further shareholders' resolution is not required.

On the basis of this authorization of May 8, 2015, on September 9, 2015 the Management Board announced a new share buyback program which envisages repurchasing of a total of 218,160 shares, i.e. 5% of the current share capital. This share buyback program will begin on September 14, 2015 and end on October 31, 2017 at the latest.

Each no-par-value share entitles the holder to one vote.

The form and content of share certificates – and also profit sharing certificates and renewal certificates – is determined by the Management Board subject to agreement with the Supervisory Board and in compliance with statutory requirements.

Vienna, April 5, 2016

Gerd Alexander Schütz
Member of the Management Board

Thomas Riess
Member of the Management Board

Cristobal Mendez de Vigo
Member of the Management Board

Management Report
C-QUADRAT Investment AG
on the Annual Financial Statements as of December 31, 2015

Review of the economic situation and the capital markets in 2015

In the first quarter of the year, the European Central Bank and China implemented further quantitative easing mechanisms. The euro fell against key currencies, and the euro's weakness strengthened the European export sector. Quantitative easing has fired up the global stock markets. Commodities prices stabilized. The level of risk resulting from political conflicts (particularly in relation to the Ukraine conflict) declined. The middle of the year was shaped by uncertainty in connection with a possible Grexit and the consequences for Europe's general economic position. The stock markets generally came under pressure. Toward the end of the year, fears of a slowdown of the Chinese economy were increasingly prominent. Fears of declining demand from China in particular prompted falling equities and commodities prices worldwide. The bond markets were increasingly rediscovered as a safe haven, which resulted in rising bond yields. In Germany, Volkswagen came under pressure due to fraud allegations over emissions values. The Syria conflict resulted in a refugee crisis which gave rise to heightened risk expectations in relation to the stability of the European Union and its economy. For the coming year, we expect the Chinese economy to stabilize due to measures implemented by the central government and envisage a slight pickup in economic output in the industrialized nations. The euro-denominated money supply is to be expanded in order to combat the low level of inflation. At the same time, we expect rising interest rates in the United States, which will strengthen the dollar and weaken the euro. We also envisage continuing low commodities prices and equities trends which will be volatile but stable in a global context.

Business development and situation of the company

The company can look back on the most successful financial year in its history of more than 20 years. The net profit increased to an all-time high of EUR 21,973 thousand (previous year: EUR 19,650 thousand). Income from shares in related companies and income from shares in associates are both once again very high and close to the previous year's levels. Through performance fees, income from participations more than doubled while income from shares in related companies remained at a very high level.

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

The principal shareholders are Talanx Asset Management GmbH (25.10%), T.R. Privatstiftung (20.20%) and San Gabriel Privatstiftung (15.68%), with the latter two foundations being parties to a syndication agreement. Moreover, Laakman Holding Ltd. has an 18.41% interest and Hallmann Holding International Investment GmbH a 9.99% interest in C-QUADRAT Investment AG.

At the 28th Annual General Meeting of C-QUADRAT Investment AG held on May 8, 2015, the authorization for non-specific repurchasing of treasury stock pursuant to the resolution passed by the 26th Annual General Meeting on May 3, 2013 was cancelled and the Management Board was simultaneously authorized pursuant to Section 65 (1) No. 8 of the Austrian Stock Corporation Act (AktG) to acquire no-par-value bearer shares of the company, up to a maximum of 10% of the company's share capital, for a period of 30 months from the date of the Annual General Meeting's resolution, for a minimum price corresponding to a market rate of EUR 1 and a maximum price corresponding to a market rate of EUR 60.00. The Management Board was also authorized to withdraw repurchased treasury stock without any further resolution passed by the Annual General Meeting. In addition, the Annual General Meeting authorized the Management Board to re-sell purchased treasury shares other than through the stock market or a public offering, while excluding the shareholders from subscribing. This requires the approval of the Supervisory Board pursuant to Section 65 (1b) of the Austrian Stock Corporation Act (AktG). A further shareholders' resolution is not required.

On the basis of this authorization of May 8, 2015, on September 9, 2015 the Management Board announced a new share buyback program which envisages repurchasing of a total of 218,160 shares, i.e. 5% of the current share capital. This share buyback program will begin on September 14, 2015 and end on October 31, 2017 at the latest.

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

All other disclosures required by Section 243a of the Austrian Commercial Code (UGB) are either not applicable to the company or derive from law.

Income statement

In the 2015 financial year, proceeds from follow-up brokerage commission in other countries fell by EUR 11 thousand or 5.0%, from EUR 225 thousand to EUR 214 thousand; reimbursements from follow-up brokerage commission also decreased, by EUR 22 thousand or 17.1% from EUR 131 thousand to EUR 108 thousand. Net revenue thus amounts to EUR 106 thousand (2014: EUR 95 thousand). Other operating income amounts to EUR 973 thousand (2014: EUR 717 thousand).

Personnel expenses increased by EUR 22 thousand or 1.7%, from EUR 1,291 thousand to EUR 1,313 thousand.
Other operating expenses amount to EUR 2,549 thousand and are thus lower than the previous year's level of EUR 2,631 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 96 thousand or 14.9%, from EUR 642 thousand to EUR 546 thousand.

The developments outlined above led to an operating profit of EUR -3,117 thousand (2014: EUR -3,305 thousand) in the 2015 financial year. Income from participations has provided by far the largest contribution to net income for the year, in the amount of EUR 24,500 thousand (2014: EUR 22,338 thousand). The fact that income from associates and income from related companies are once again at very high levels is a very positive development. Income from participations thus showed a significant year-on-year rise of EUR 2,162 thousand or 9.7%. After including further items in the financial result such as interest income and interest expenses, the company realized a profit on ordinary activities of EUR 21,482 thousand (2014: EUR 18,059 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 491 thousand (2014: EUR 1,591 thousand), leading overall to a net profit for the year of EUR 21,973 thousand (2014: EUR 19,650 thousand). Following a movement of reserves for treasury shares in the amount of EUR 0 thousand (2014: EUR 1,627 thousand), the annual profit amounts to EUR 21,973 thousand (2014: EUR 21,276 thousand). After allowing for a profit carryover and a distribution with a net value of EUR 8,894 thousand (2014: EUR 708 thousand), this has resulted in a distributable balance sheet profit of EUR 30,867 thousand (2014: EUR 21,984 thousand).

Balance sheet

The balance sheet total as of December 31, 2015 amounts to EUR 58,991 thousand and has increased by EUR 5,033 thousand or 9.3% in relation to the balance sheet total as of December 31, 2014 (December 31, 2014: EUR 53,958 thousand). The company has securities which may be liquidated at any time in the amount of EUR 492 thousand (December 31, 2014: EUR 359 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 4,251 thousand (December 31, 2014: EUR 4,446 thousand). Moreover, other intercompany (IC) receivables amount to EUR 14,090 thousand (December 31, 2014: EUR 14,769 thousand). This item mainly comprises the dividends due to subsidiaries from the same period. The liabilities side of the balance sheet does not show any liabilities to banks. The loan, which still amounted to EUR 3,000 thousand as of December 31, 2014, was fully repaid, ahead of schedule, in 2015. The annual profit in the amount of EUR 21,973 thousand (December 31, 2014: EUR 21,276 thousand) is the largest position on the liabilities section of the balance sheet. The profit carryover less the distribution amounts to EUR 8,894 thousand (December 31, 2014: EUR 708 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 57 thousand.

Key performance figures

The company had an average of 10 employees on its payroll in the past financial year (2014: 8 employees).
Two compliance training sessions were held for the company's employees in the 2015 financial year (1^{st} and 2^{nd} half of the year). The training held in the 1^{st} half of the year focused on organizational and administrative measures associated with confidentiality.

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 boards and the internal auditing department are jointly responsible for regularly monitoring each 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, cash flow management 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 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), sales statistics and cash flow management.

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 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 C-QUADRAT Investment AG are financial investments in ordinary and preference shares, shares in investment funds, participations, 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 2015 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 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
With the exceptions of the C-QUADRAT UK Group and C-QUADRAT Ampega Asset Management Armenia LLC, the company's business activities are focused on the Eurozone. This is also true for its other subsidiaries. In the 2015 financial year the company suffered foreign-currency exchange losses in the amount of EUR 0 thousand (2014: EUR 1 thousand). C-QUADRAT Asset Management (UK) LLP has entered into a GPB 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. All customers wishing to trade with the company on credit terms are subjected to a credit assessment. Receivables are also monitored continuously, with the result that the company is not exposed to any significant 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, 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 492 thousand (December 31, 2014: EUR 359 thousand) the company has cash and cash equivalents in the amount of EUR 5,827 thousand (December 31, 2014: EUR 39 thousand), which is equivalent to approx. 9.9% of the balance sheet total (December 31, 2014: 0.07%).

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 2016. The company has a portfolio of exciting products and enjoys a solid financial footing and can thus justifiably look forward to the year 2016 with confidence.
Moreover, marketing activities will be further developed in Central and Eastern Europe via the Group's subsidiaries and new markets are to be tapped in order to safeguard C-QUADRAT's existing market positions and to extend them where possible. The Institutional Sales division is to be further expanded. Over the past few years, the company's portfolio of investments has been strongly diversified. The Group has expanded its product range and developed new groups of clientele and markets.

In overall terms, C-QUADRAT Investment AG envisages another positive performance in 2016.

Events after the balance sheet date

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 objection against the Austrian Financial Market Authority's audit findings and assessment notice in good time on December 23, 2015. As of the reporting date, the company has been notified of the Austrian Financial Market Authority's preliminary decision, in which it stands by its previously expressed legal opinion. C-QUADRAT Investment AG is currently reviewing whether to file an appeal before the Austrian Federal Administrative Court. The proceedings have therefore not yet been completed.

Cubic (London) Limited, 1, c/o Memery Crystal LLP, 44 Southhampton Buildings, London WC2A 1 AP ("Cubic") is a limited liability company under the law of the United Kingdom and is jointly owned by San Gabriel Privatstiftung, seated in Vienna, business address: Waldegghofgasse 3, 1170 Vienna, companies register no. FN 195929g ("San Gabriel") and by T.R. Privatstiftung, Vienna, business address: Schottenfeldgasse 20, 1070 Vienna, companies register no. 195928f, ("T.R."), each of which holds half of the interests in Cubic.

On January 15, 2016, Cubic concluded a share purchase agreement subject to conditions precedent (other analogous derivative financial instrument pursuant to Section 91a (1) Item 1 of the Austrian Stock Market Act (Börsegesetz, BörseG)) with Talanx Asset Management GmbH, Charles-de-Gaulle-Platz 1, 50679 Cologne, for a total of 1,095,162 ordinary shares in C-QUADRAT, which represents a 25.10% interest in the voting rights in the issuer (long stop date: September 30, 2016).

On March 10, 2016, Cubic concluded further purchase and contribution contracts subject to conditions precedent (other analogous derivative financial instrument pursuant to Section 91a (1) Item 1 BörseG) with other core shareholders for a total of 2,856,344 ordinary shares in C-QUADRAT, which represents a 65.46% interest in the voting rights in the issuer (long stop date: September 30, 2016). Moreover, Mr. Thomas Riess has sold 27,000 shares to T.R. subject to conditions precedent (long stop date: September 30, 2016).

In addition, on March 10, 2016 T.R., San Gabriel, Hallmann Holding International Investment GmbH, Q-CAP Holdings Ltd, Mr. Carlo Michienzi, Mr. Matteo Pusineri and Mr. Kerry Mentasti-Granelli concluded a syndication agreement subject to conditions precedent in relation to Cubic and C-QUADRAT.

Subject to fulfillment of all of the conditions precedent, Cubic will purchase a total of 3,951,506 ordinary shares in C-QUADRAT, which represents a 90.56% interest in the voting rights in the issuer.

Moreover, for strategic reasons the Management Board has decided to reduce C-QUADRAT Investment AG's interest in the German investment firm QC Partners GmbH from the original 50.01% to 9%. The Supervisory Board approved this move through its circular decision of March 17, 2016. This transaction is subject to the condition precedent of non-disallowance by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, *BaFin*). These proceedings are still pending as of the preparation of the Group management report.

Thanks

The Management Board would thus like to express thanks for investors' confidence in the corporate group and also to the Group's employees who enabled this outstanding result.

Vienna, April 5, 2016

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

Auditor’s Report

Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting system, of C-QUADRAT Investment AG, Vienna, for the fiscal year from January 1, 2015 to December 31, 2015. These financial statements comprise the balance sheet as of December 31, 2015, the income statement for the fiscal year ended December 31, 2015, and the notes.

Management’s Responsibility for the Financial Statements and for the Accounting System

The Company’s management is responsible for the accounting system and for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of C-QUADRAT Investment AG as of December 31, 2015 and of its financial performance for the fiscal year from January 1, 2015 to December 31, 2015 in accordance with Austrian Generally Accepted Accounting Principles.

Comments on 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 as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, April 05, 2016

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, 2015 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, 2015 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, April 2016

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

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

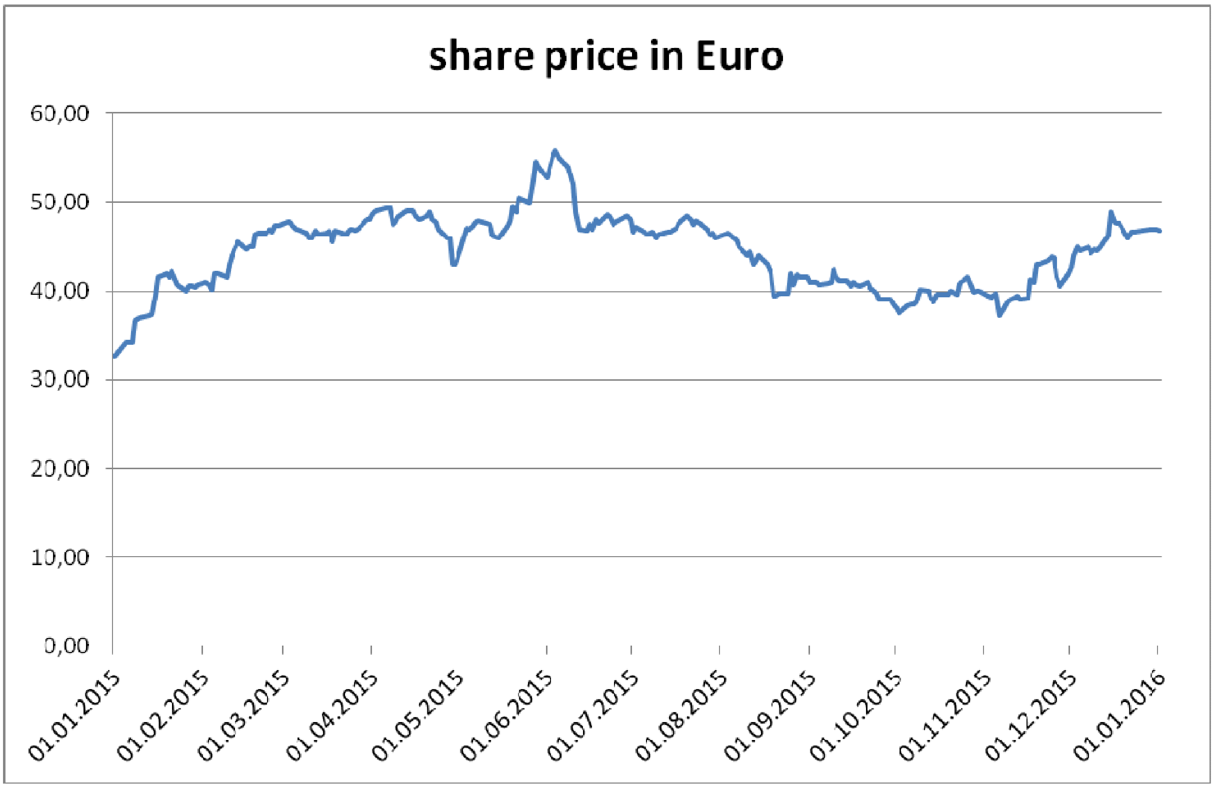
Cristobal Mendez de Vigo, m.p.
Member of the Management Board

FINANCIAL CALENDAR 2016

April 11th, 2016	Results 2015
May 3rd, 2016	record-date for the AGM
May 13th, 2016	Annual General Meeting (AGM)
May 17th, 2016	Interim report as of March 31, 2016
May 18th, 2016	Dividend ex date
June 22nd, 2016	Dividend payment date
August 22nd, 2016	Interim report as of June 30, 2016
November 14th, 2016	Interim report as of September 30, 2016

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, 2015 – Dec. 31, 2015

CONTACT

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PUBLISHER’S NOTES

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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 cricumstances – 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.