



the asset manager

Interim Financial Report

as of June 30, 2017, acc. to Section 87 (1) Stock Market Act
C-QUADRAT Investment AG, Vienna



Table of contents

1. Interim Financial Report	1
Consolidated Income Statement.....	1
Statement of Comprehensive Income.....	2
Consolidated Balance Sheet.....	3
Consolidated Statement of Changes in Equity.....	4
Consolidated Cash Flow Statement.....	5
Notes to the condensed interim consolidated Financial Statements.....	6
2. Half Year Group Management Report.....	26
3. Statement by Statutory Representatives.....	32

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

		1-6 2017	1-6 2016	2.Q 2017	2.Q 2016
		Unaudited			
Notes	TEUR	TEUR	TEUR	TEUR	TEUR
Fee and commission income	IV.1	25,304	20,713	13,210	10,842
Other operating income		231	267	140	162
Operating income		25,535	20,980	13,350	11,004
Fee and commission expenses	IV.1	-11,960	-10,418	-6,133	-5,466
Personnel expenses		-6,406	-4,837	-3,518	-2,535
Other administrative expenses		-3,307	-4,046	-1,652	-2,120
Other operating expenses		-319	-448	-158	-198
Operating profit before depreciation		3,543	1,231	1,889	685
Depreciation		-928	-982	-464	-503
Operating profit		2,615	249	1,425	182
Income from associates	IV.2	1,349	1,393	685	636
Financial revenue		420	100	293	48
Finance expenses		-507	-435	-493	-194
Profit before taxes	IV.5	3,878	1,307	1,911	672
Taxes	IV.3	-653	-366	-327	-181
Net Profit for the period		3,224	941	1,584	491
thereof parent		2,587	490	1,415	406
thereof minorities		638	451	169	84
Earnings per share of the continued operation	IV.4	EUR	EUR	EUR	EUR
- undiluted and diluted, for the profit/loss attributable to the holders of ordinary shares in the company		0.59	0.11	0.32	0.09

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

	1- 6 2017	1- 6 2016	2.Q 2017	2.Q 2016
	Unaudited			
Notes	TEUR	TEUR	TEUR	TEUR
Net Profit	3,224	941	1,584	491
Other comprehensive income				
Total income and expenses recognised directly in equity:				
Net-profit from financial assets held for sale	62	12	61	9
Currency-conversion	-171	-67	-177	74
Taxes on income	-15	-2	-15	-1
	-124	-57	-130	82
Total income and expenses not recycled in future profit and loss:				
Revaluation of performance-oriented obligation	0	0	0	0
Tax	0	0	0	0
	0	0	0	0
Other comprehensive income	-124	-57	-130	82
IV.6 thereof shareholder's equity	-136	-65	-141	65
thereof minority interest	11	7	11	17
Total comprehensive income	3,100	884	1,454	573
thereof shareholder's equity	2,451	425	1,273	472
thereof minority interest	649	459	181	101

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

		30.06.2017	31.12.2016
		Unaudited	
		TEUR	TEUR
ASSETS	Notes		
Non-current assets			
Intangible Assets	V.1, V.2	11,593	12,291
Property, plant and equipment	V.1	1,933	2,086
Shares in associates	V.3	6,605	8,181
Financial investments	V.4	9,232	4,068
Deferred tax asset		195	224
Total non-current assets		29,557	26,851
Current assets			
Receivables from customers	V.4	3,797	3,593
Financial investments	V.4	535	662
Other assets	V.4	2,196	1,508
Cash and cash equivalents	V.5	17,121	18,409
Total current assets		23,649	24,172
Total assets		53,207	51,023
EQUITY and LIABILITIES			
Issued capital	V.6	4,363	4,363
Add paid-in capital		18,326	18,326
Retained earnings		13,816	17,774
Other reserves	V.6	-103	32
Equity attributable to shareholders of the parents		36,402	40,495
Minority interests		637	702
Total equity		37,039	41,198
Non-current liabilities			
Long-term financial liabilities	V.4	4,375	0
Non-current provisions		260	97
Deferred tax liabilities		1,771	1,922
Total non-current liabilities		6,406	2,019
Current liabilities			
Short-term financial liabilities	V.4	655	12
Payables to customers	V.4	4,747	3,754
Other current liabilities	V.4	3,982	3,052
Other provisions	V.4	378	542
Other current financial liabilities	V.4	0	433
Income tax payable		0	14
Total current liabilities		9,762	7,807
Total liabilities		16,167	9,825
Total equity and liabilities		53,207	51,023

C-QUADRAT Investment AG

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as of June 30, 2017

	Equity attributable to equity holder of the parent				Shareholders' equity	Minority interest point III. Notes	Total equity
	Issued capital	Add paid-in capital	Retained earnings	Other reserves			
	point V.8. Notes	point V.8. Notes		point V.8. Notes			
	Unaudited						
TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	
01.01.2016	4,363	18,326	32,711	55	55,455	829	56,284
Dividends	0	0	-17,453	0	-17,453	-871	-18,324
Total comprehensive income	0	0	490	-65	425	459	884
30.06.2016	4,363	18,326	15,747	-9	38,427	417	38,843
01.01.2017	4,363	18,326	17,774	32	40,495	702	41,198
Dividends	0	0	-6,545	0	-6,545	-713	-7,258
Total comprehensive income	0	0	2,587	-136	2,451	648	3,100
30.06.2017	4,363	18,326	13,817	-104	36,402	637	37,039

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

	Notes	1-6 2017	1-6 2016
		Unaudited	
		TEUR	TEUR
Net Profit		3,224	941
Taxes		653	366
Financial result		86	335
Income from associates		-1,349	-1,393
Depreciation of intangible assets, property, plant and equipment		928	982
Increase/decrease in long term provisions		163	119
Income/loss from the disposal of fixed and financial assets	V.1	-10	0
Increase/decrease from disposal of fixed and financial assets		0	38
Increase/decrease in receivables and other assets		-892	1,722
Increase/decrease in other provisions		-165	-421
Increase/decrease in trade payables		1,490	-1,226
Income tax paid		-704	-751
Cash flow from operating activities	VI	3,425	712
Purchase of property, plant and equipment and intangible assets	V.1	-121	-62
Net payments made for the acquisition of subsidiaries	III.1	0	-3
Payments made for issue of loans to shareholders		-521	0
Payments made for the investments in financial assets	V.4	-5,174	0
Proceeds from sale of assets	V.1	10	0
Proceeds from sale of financial assets	V.4	126	0
Interest received		56	70
Dividends received	VI	2,925	7,200
Cash flow from investing activities	VI	-2,545	7,205
Dividends paid		-7,258	-18,324
Interest paid		-26	-1
Proceeds from borrowings		5,018	-44
Cash flow from financing activities	VI	-2,266	-18,369
Currency fluctuations		97	66
Net increase in cash and cash equivalents	VI	-1,288	-10,386
Cash and cash equivalents at beginning of period		18,409	33,956
Cash and cash equivalents at end of period	V.5	17,121	23,570

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

I. CORPORATE INFORMATION

The C-QUADRAT Group, including its subsidiaries and interests, is a European independent asset manager. The company has 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 management and consulting in relation to the aforementioned products.

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

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

II. ACCOUNTING POLICIES

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

The condensed interim financial statements as of June 30, 2017 were prepared, in accordance with Directive 83/349 EEC (Consolidated Accounts Directive), on the basis of the International Financial Reporting Standards (IFRSs) adopted and published by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRIC), as applicable in the European Union (EU). The unaudited and condensed interim financial statements as of June 30, 2017 comply with IAS 34. They do not include all of the disclosures which are required in consolidated financial statements for a full financial year and should be read in conjunction with the C-QUADRAT Group's consolidated financial statements as of December 31, 2016.

The present condensed interim financial statements cover the interim period from January 1, 2017 to June 30, 2017 and consist of the consolidated income statement, the consolidated statement of income and accumulated earnings, the consolidated balance sheet, the consolidated statement of cash flows, the consolidated statement of changes in equity, and the notes to the condensed interim financial statements.

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

On August 21, 2017, the management approved for publication the condensed interim financial statements of the C-QUADRAT Group for the interim period from January 1, 2017 to June 30, 2017.

2.2. Changes in accounting policies

These condensed consolidated interim financial statements as of June 30, 2017 have been prepared on the basis of the same accounting policies as were applied for preparation of the consolidated financial statements as of December 31, 2016, with the exception of standards and interpretations first applicable as of January 1, 2017. The C-QUADRAT Group has not opted for early application of any other standards, interpretations or changes which have been published but are not yet mandatory.

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

On January 29, 2016 the IASB published its amendment to **IAS 7** (Statement of Cash Flows). These amendments are intended to clarify IAS 7 and to improve the information which is provided to recipients of financial statements in relation to a company's financing activities. The amendments will apply for reporting years beginning on or after January 1, 2017. Adoption by the EU is scheduled for Q4 of 2017. 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 Q4 of 2017. The possible effects for the consolidated financial statements are currently being assessed.

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

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

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

On January 13, 2016 the IASB published **IFRS 16** (Leases). For lessees, the new standard prescribes an accounting model which waives the distinction between finance leases and operating leases. In future, most lease agreements will be recognizable in the balance sheet. For lessors, the provisions of IAS 17 “Leases” will largely remain unchanged, so that the distinction between finance leases and operating leases will continue to apply here and thus entail different balance-sheet consequences. IFRS 16 replaces IAS 17 and the related interpretations and is first applicable for financial years beginning on or after January 1, 2019. Adoption by the EU is currently scheduled for Q4 of 2017. Early adoption is possible if IFRS 15 “Revenue from Contracts with Customers” is simultaneously adopted. The possible effects for the consolidated financial statements are currently being assessed.

On June 20, 2016, the IASB published its amendment to **IFRS 2** (Classification and Measurement of Share-based Payment Transactions) which clarifies the classification and measurement of share-based payment transactions. The amendments will apply for reporting years beginning on or after January 1, 2018. Adoption by the EU is scheduled for Q4 of 2017. The possible effects for the consolidated financial statements are currently being assessed.

In addition, on December 8, 2016 the IASB published amendments to **IAS 40** (Investment Property) in order to clarify the status of transfers to, or from, investment properties. Such a transfer may only be made in case of a evident change in use for the property. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management’s intentions for the use of a property by itself does not constitute evidence of a change in use. The amendments will apply for reporting years beginning on or after January 1, 2018. Adoption by the EU is scheduled for Q4 of 2017. The possible effects for the consolidated financial statements are currently being assessed.

On December 8, 2016 the interpretation **IFRIC 22** was published, which considers the translation of foreign currency transactions in circumstances in which consideration is received or paid in advance. The interpretation clarifies which exchange rate is to be used in case of initial recognition of a foreign-currency transaction in the functional currency of a company, if this company makes or receives prepayments on the assets, expense or income underlying the transaction. This interpretation will apply for reporting years beginning on or after January 1, 2018. Adoption by the EU is scheduled for Q4 of 2017. The possible effects for the consolidated financial statements are currently being assessed.

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

On September 11, 2014 the IASB published amendments to **IFRS 10 and IAS 28** (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture). These amendments relate to the lack of consistency between the IFRS 10 and IAS 28 rules in connection with the loss of control of a subsidiary which is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets must be recognized in full if the assets constitute a business as defined in IFRS 3. All gains or losses resulting from the sale or contribution of assets which do not constitute a business are only to be recognized to the extent of the interest held by the unrelated other investors in the associate or joint venture. The IASB has indefinitely deferred initial application of these amendments.

Improvements to the IFRS cycle 2014-2016

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

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

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

2.3. Foreign currency translation

Currency translation was based on the following exchange rates:

in EUR	Closing rate on			
	6/30/2017	12/31/2016	6/30/2016	12/31/2015
CHF	0.915	0.931	0.920	0.924
USD	0.876	0.949	0.902	0.915
HUF	0.00323	0.00323	0.00316	0.00320
GBP	1.137	1.168	1.210	1.356
KYD	1.05312	1.14516	1.08211	1.07042
AMD	0.00183	0.00196	0.00189	0.00189

in EUR	Average rate			
	6M 2017	2016	6M 2016	2015
CHF	0.923	0.927	0.922	0.877
USD	0.913	0.932	0.909	0.869
HUF	0.00323	0.00321	0.00318	0.00319
GBP	1.161	1.219	1.275	1.322
KYD	1.09914	1.11980	1.0883	1.0277
AMD	0.00190	0.00193	0.00189	0.00181

III. SCOPE OF CONSOLIDATION

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

1. Changes in the scope of consolidation in the 2017 interim period

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

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

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

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

IV. NOTES TO THE INCOME STATEMENT

1. Fee and commission income and expenses

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

	Q2 2017 € '000	6M 2017 € '000	Q2 2016 € '000	6M 2016 € '000
Management fees	12,008	22,646	9,608	18,591
Performance fees	229	714	385	443
Other fees	972	1,943	849	1,678
Total	13,210	25,304	10,842	20,713

In the 2017 interim period, the C-QUADRAT Group's assets under management (AUM) increased by 68.1% to EUR 10.2 billion (AUM December 31, 2016: EUR 6.0 billion). Management fees amounted to EUR 22,646 thousand (2016 interim period: EUR 18,591 thousand).

Due to the current market situation, to date in 2017 performance-related management fees have been generated in the amount of EUR 714 thousand. (2016 interim period: EUR 443 thousand).

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

	Q2 2017 € '000	6M 2017 € '000	Q2 2016 € '000	6M 2016 € '000
Management fees	5.340	10.474	5,257	10,034
Performance fees	8	13	4	4
Other fees	785	1.473	204	380
Total	6.133	11.960	5,466	10,418

2. Net income from associates and joint ventures

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

3. Taxes on income

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

	Q2 2017 € '000	6M 2017 € '000	Q2 2016 € '000	6M 2016 € '000
Actual expense for taxes on income	355	746	175	510
Deferred taxes on income	-28	-93	6	-144
Tax expenditure	327	653	181	366

4. Earnings per share

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

	6M 2017	6M 2016
Average number of ordinary shares	4,363,200	4,363,200

Please see [Item V.6 of the Notes](#) for further details of the changes in the number of ordinary shares.

5. Segment reporting

For the purpose of corporate management, the Group's organizational structure comprises the operating units "Investments" and "Asset Management and Sales" in terms of its products

and services. The Management Board has resolved to classify its reporting in terms of its products and services as key management information.

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

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

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

The Investments segment includes the company:

C-QUADRAT Investment AG

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

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

Asset Management and Sales segment – Austria

C-QUADRAT Kapitalanlage AG
C-QUADRAT Asset Management GmbH

Asset Management and Sales segment – Other Countries

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

Disclosures concerning segment revenue and segment earnings

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

2017 interim period

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000	Austria € '000	Other countries € '000	€ '000	€ '000
Fee and commission income	29	20.485	5.825	-1.035	25.304
<i>From external customers</i>	29	19.450	5.825		25.304
<i>Intersegment income</i>		1.035		-1.035	0
Pre-tax segment earnings	-83	3.693	268		3.878

2016 interim period

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000	Austria € '000	Other countries € '000	€ '000	€ '000
Fee and commission income	53	18.704	2.773	-817	20.713
<i>From external customers</i>	53	17.887	2.773	0	20.713
<i>Intersegment income</i>	0	817	0	-817	0
Pre-tax segment earnings	88	3.087	-1.868	0	1.307

Disclosures concerning segment assets and liabilities

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

As of June 30, 2017

	Investments	Asset Management and Sales		Consolidation	C-QUADRAT Group
	€ '000	Austria € '000	Other countries € '000	€ '000	€ '000
Segment assets	41.930	13.643	25.332	-27.698	53.207
Segment liabilities	6.037	6.495	4.700	-1.065	16.167

As of December 31, 2016

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

6. Other comprehensive income

Development of other comprehensive income before tax:

	6M 2017 € '000	6M 2016 € '000
Reserve for available-for-sale financial assets		
<i>Profits (losses) resulting in the current period</i>	62	12
Contribution to other comprehensive income resulting from measurement of available-for-sale financial assets (before taxes)	62	12
Reserve for differences resulting from currency translation	-171	-67
Reserve for remeasurement of defined-benefit obligation	0	0
Taxes applicable on portions of other comprehensive income:	6M 2017 € '000	6M 2016 € '000
Available-for-sale financial assets		
<i>Profits (losses) resulting in the current period</i>	-15	-2
Tax effect for other comprehensive income resulting from measurement of available-for-sale financial assets	-15	-2
Tax effect on other comprehensive income resulting from remeasurement of defined-benefit obligation	0	0

V. NOTES ON THE BALANCE SHEET

1. Intangible assets and property, plant and equipment

In the 2017 interim period, the Group purchased property, plant and equipment and intangible assets at a cost of EUR 121 thousand (2016 interim period: EUR 62 thousand), mainly comprising operating and office equipment.

In the period from January 1 to June 30, 2017, the Group sold assets with a carrying amount of EUR 0 thousand (2016 interim period: EUR 0 thousand) and realized a net disposal gain in the amount of EUR 10 thousand (2016 interim period: EUR 0 thousand).

2. Impairment tests

Non-financial assets including goodwill

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

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

CUK Group:

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

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

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

On June 30, 2017 goodwill was allocated to these units as follows:

	6/30/2017	12/31/2016
	€ '000	€ '000
CUK Group	4,031	4,031
C-QUADRAT Asset Management GmbH	420	420
Total	4,451	4,451

On June 30, 2017 the following unit accounts for the customer base:

	6/30/2017	12/31/2016
	€ '000	€ '000
CUK Group	7,034	7,674
Total	7,034	7,674

The Group’s impairment test for goodwill is based on a value-in-use calculation for the respective cash-generating unit, including cash flow forecasts. The underlying assumptions for determination of the recoverable amount for the various cash-generating units were set out in the consolidated financial statements as of December 31, 2016. As of June 30, 2017 there are no indications of any impairment.

Sensitivity of assumptions

With regard to determination of the value in use of the cash-generating units, there are no significant changes by comparison with the sensitivity details provided in the consolidated financial statements for the financial year ending December 31, 2016.

3. Investments in associates and joint ventures

The Group has the following associates and joint ventures:

	6/30/2017	12/31/2016
	€ '000	€ '000
ARTS Asset Management GmbH (45%)	6,549	8,124
Ampega C-QUADRAT Fondsmarketing GmbH i.L. (50%)	56	56
Total	6,605	8,181

4. Financial assets and financial liabilities

Financial assets

	6/30/2017	12/31/2016
	€ '000	€ '000
Non-current assets:		
Financial assets available for sale, measured at fair value and recognized directly in equity	1,245	738
Loans and receivables	7,987	3,330
	9,232	4,068
Current assets:		
Financial assets measured at fair value in income	535	662
Loans and receivables	5,992	5,101
	6,527	5,763
Total financial assets	15,759	9,831

Available-for-sale financial assets

Available-for-sale financial assets comprise listed bonds in the amount of EUR 500 thousand (December 31, 2016: EUR 458 thousand), investment fund units in the amount of EUR 618 thousand (December 31, 2016: EUR 154 thousand) and the 9.004% interests in the share capital of QC Partners GmbH in the amount of EUR 127 thousand (December 31, 2016: EUR 126 thousand).

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

As of June 30, 2017, the Group did not determine any impairment loss on its available-for-sale financial assets measured at fair value. On December 31, 2016, the Group identified an impairment in the amount of EUR 19 thousand on available-for-sale financial assets. The impairment for available-for-sale financial assets will be recognized under finance costs in the income statement.

Loans and receivables

Non-current loans and receivables mainly comprise security deposits in the amount of EUR 395 thousand (December 31, 2016: EUR 400 thousand) and two long-term profit-dependent loans with an annual interest rate of up to 12%, due at the end of the respective period, and a maximum term of seven years, in the amount of EUR 7,592 thousand (December 31, 2016: EUR 2,930 thousand), in accordance with their fair values.

Current loans and receivables include receivables from customers in the amount of EUR 3,797 thousand (December 31, 2016: EUR 3,593 thousand) and other assets in the amount of EUR 2,195 thousand (December 31, 2016: EUR 1,508 thousand). As input factors, the carrying amounts serve as a realistic estimate of the fair value.

Financial assets measured at fair value in income

The financial assets measured at fair value in the income statement relate to investments in investment funds which are entirely (December 31, 2016: entirely) traded on the stock market or at calculated values that are published daily.

Financial liabilities

	6/30/2017 € '000	12/31/2016 € '000
Non-current liabilities at amortized cost:		
Liabilities to banks	4,375	0
Current liabilities at amortized cost:		
Liabilities to banks	655	12
Liabilities to customers	4,747	3,754
Other liabilities	4,360	3,594
Total current liabilities at amortized cost	9,762	7,360
Total financial liabilities at amortized cost	14,137	7,360
	6/30/2017 € '000	12/31/2016 € '000
Other financial liabilities		
Derivatives not classified as hedging instruments	0	433
Total other financial liabilities	0	433
Total financial liabilities	14,137	7,793

Liabilities at amortized cost

On the balance sheet date, the C-QUADRAT Group's non-current liabilities to banks comprise an unsecured interest-bearing bank loan in the amount of EUR 5,000 thousand (December 31, 2016: EUR 0 thousand) which is due quarterly from March 31, 2018 in equal portions.

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

These loans have the following maturities:

	6/30/2017 € '000	12/31/2016 € '000
Up to one year	625	0
Longer than one year and up to five years	4,375	0
Total	5,000	0

On the balance sheet date, the C-QUADRAT Group's current liabilities to banks amount to EUR 655 thousand (December 31, 2016: EUR 12 thousand).

For the Group's current liabilities to customers in the amount of EUR 4,747 thousand (December 31, 2016: EUR 3,754 thousand) and other current liabilities in the amount of EUR 4,360 thousand (December 31, 2016: EUR 3,594 thousand), as input factors the carrying amounts are used as a realistic estimate of the fair value.

Other financial liabilities

Other financial liabilities include derivatives not classified as hedging instruments. These entail forward foreign exchange contracts (British pound) with a volume of EUR 0 thousand (December 31, 2016: EUR 433 thousand). The Group uses forward foreign exchange contracts to hedge some of the applicable transaction risks. These forward foreign exchange contracts are not classified as cash flow hedges. The period for which the forward foreign exchange contracts are entered into corresponds to the period for which a foreign-exchange risk applies for the underlying transactions, generally up to 24 months.

Fair value

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

Financial assets	Carrying amount		Fair value	
	6/30/2017 € '000	12/31/2016 € '000	6/30/2017 € '000	12/31/2016 € '000
Available-for-sale financial assets measured at fair value	1,245	738	1,245	738
Loans and receivables (non-current)	7,987	3,330	7,987	3,330
Financial assets measured at fair value in income	535	662	535	662

Financial liabilities	Carrying amount		Fair value	
	6/30/2017 € '000	12/31/2016 € '000	6/30/2017 € '000	12/31/2016 € '000
Liabilities to banks	5,000	0	5,000	0
Derivatives not classified as hedging instruments	0	433	0	433

Determination of fair values

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

- The fair value of financial assets listed on a stock exchange and measured at fair value in income is measured at the prices listed as of the balance sheet date.
- The fair value of the available-for-sale financial assets listed on a stock exchange and measured at fair value is determined on the basis of stock market prices on active markets on the balance sheet date.

- The Group concludes derivative financial instruments with various parties, in particular with financial institutions with high (investment grade) credit ratings. Forward foreign exchange contracts are measured using a measurement method including input factors observable on the market.
- The fair value of non-quoted instruments and loans is estimated by discounting the future cash flows using interest rates currently available for loan capital borrowed subject to similar conditions, default risks and remaining terms to maturity.
- The market value of the interests in the share capital of QC Partners GmbH is determined by means of a simplified approach, on the basis of the value of the pro rata equity of QC Partners GmbH as of the balance sheet date.

Hierarchy of fair value

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

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

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

Financial assets	6/30/2017				12/31/2016			
	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	1,245	500	618	127	738	458	154	126
Loans and receivables (non-current)	7,987	0	395	7,592	3,330	0	400	2,930
Financial assets measured at fair value in income	535	0	535	0	662	0	662	0

Financial liabilities	6/30/2017				12/31/2016			
	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	5,000		5,000		12	0	12	0
Derivatives not classified as hedging instruments	0	0	0	0	433	0	433	0

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

5. Cash and cash equivalents

Bank balances bear interest at variable interest rates for bank balances available on demand. Current deposits are invested for periods of between one week and three months, depending on cash flow requirements. The fair value of cash and cash equivalents is EUR 17,121 thousand (December 31, 2016: EUR 18,409 thousand).

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

6. Share capital and reserves

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

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

7. Risk report

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

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

Cash flow risks relating to interest rates

On June 30, 2017 the C-QUADRAT Group has bank liabilities in the amount of EUR 5,030 thousand (December 31, 2016: EUR 12 thousand). Since the bank loan in the amount of EUR 5,000 thousand is subject to a fixed interest rate throughout its term, the company is exposed to a limited risk associated with fluctuating market interest rates. Accordingly, no hedges were used to eliminate an interest rate risk.

Foreign exchange risk

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

	GBP effects		CHF effects		AMD effects		USD effects	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Pre-tax earnings	30	148	11	82	13	1	20	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 22% of its revenues in foreign currencies, mainly GBP (10%), USD (7%), CHF (4%), CAA (1%). A majority of the company's business operations are carried out within the Eurozone. Above all this applies with respect to the subsidiaries C-QUADRAT Kapitalanlage AG, C-QUADRAT Asset Management GmbH and C-QUADRAT Deutschland AG. The CUK Group also has operations outside of the Eurozone.

Credit risk

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

Liquidity risk

The company continuously monitors the risk of liquidity bottlenecks using a liquidity planning tool. This is used in particular to plan and monitor expected cash flows from business operations (fee and commission income and expenses). The company aims to maintain a balance between continuous coverage of funding requirements and safeguarding of financial flexibility, by using different terms for fixed deposits and also overdraft facilities and loans. As of June 30, 2017, as well as securities which may be liquidated at any time the Group has cash and cash equivalents in the amount of EUR 17,121 thousand (December 31, 2016: EUR 18,409 thousand), which is equivalent to approx. 32.2% of the balance sheet total (December 31, 2016: 36.1%). The company therefore has robust liquidity at its disposal.

Capital management

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

	6/30/2017	12/31/2016
	€ '000	€ '000
Share capital	4.363	4,363
Reserves	15.116	16,005
Group profits	2.954	2,818
Profit carryforward less dividend	13.970	17,310
Non-controlling interests	637	702
Equity according to IFRS	37.039	41,198
Liabilities	16.167	9,825
Total equity and liabilities	53.207	51,023
Equity ratio according to IFRS	69,6%	80,7%

8. Related party disclosures

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

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

Under a consulting agreement, expenses have arisen in relation to Cubic (London) Limited, UK, in the amount of EUR 63 thousand (2016: EUR 30 thousand). As of June 30, 2017, the resulting liability amounts to EUR 175 thousand (December 31, 2016: EUR 112 thousand). Cubic (London) Limited holds 33.00% of the voting rights in C-QUADRAT Investment AG.

Expenses with a volume of EUR 16 thousand have arisen in relation to Mr. Thomas Rieß due to consulting services. As of June 30, 2017, the resulting liability amounts to EUR 16 thousand (December 31, 2016: EUR 0 thousand). Mr. Rieß was a member of the Management Board of C-QUADRAT Investment AG until May 31, 2017 and has seats on various supervisory boards within the C-QUADRAT Group and holds a substantial stake at C-QUADRAT Investment AG through T.R. private foundation.

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

Management Board

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

Gerd Alexander Schütz
Thomas Riess, to May 31, 2017
Cristobal Mendez de Vigo

Supervisory Board

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

Chairman:

Dr. Marcus Mautner-Markhof

Vice Chairman:

Franz Fuchs

Members:

Dr. Hubert Cussigh

Harry Ploemacher

Dr. Friedrich Schweiger

Klemens Hallmann

Associates and joint ventures

Revenues amounting to EUR 610 thousand were generated from associates and joint ventures in the 2017 interim period (2016 interim period: EUR 247 thousand). These revenues relate mainly to fee and commission income, passed-on expenses and performance fees. Expenses in the amount of EUR 4,814 thousand (2016 interim period: EUR 4,585 thousand) were charged to the company by associates and joint ventures in the 2017 interim period. These charges mainly related to fee and commission expenses. As of June 30, 2017, receivables from associates and joint ventures amounted to EUR 44 thousand (December 31, 2016: EUR 44 thousand) and payables to associates and joint ventures to EUR 857 thousand (December 31, 2016: EUR 952 thousand).

9. Distributed dividends

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

10. Contingent liabilities

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

11. Events after the balance sheet date

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

C-QUADRAT Kapitalanlage AG was renamed C-QUADRAT Wealth Management AG on July 24, 2017 after the Austrian Financial Market Authority (*Finanzmarktaufsicht*, FMA) approved the company's license conversion from an investment trust company to a licensed investment firm pursuant to the 2007 Austrian Securities Supervision Act

(Wertpapieraufsichtsgesetz, WAG). On August 11, 2017, C-QUADRAT Wealth Management AG changed its legal form from a stock corporation (*Aktiengesellschaft*) to a limited-liability company (*Gesellschaft mit beschränkter Haftung*) and now trades under the name C-QUADRAT Wealth Management GmbH.

The process in context with the enforcement proceedings (acc. to Rechnungslegungs-Kontrollgesetz, Financial Reporting Control Law) with the Austrian Financial Market Authority which had been lodged before to the Austrian Federal Administrative Court (Bundesverwaltungsgericht, BVwG) was withdrawn by C-QUADRAT Investment AG and therefore terminated through the court's ruling of July 3, 2017.

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

VI. NOTES TO THE CASH FLOW STATEMENT

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

The cash flow from investing activities mainly comprises dividends received from the associate ARTS Asset Management GmbH in the amount of EUR 2,925 thousand (2016 interim period: EUR 7,200 thousand) and payments made for the purpose of lending in the amount of EUR 5,174 thousand (2016 interim period: 0).

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

VII. OTHER DISCLOSURES

Volume of managed funds

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

	6/30/2017	12/31/2016
	EUR million	EUR million
ARTS Asset Management GmbH	2,525	2,438
C-QUADRAT Asset Management GmbH	2,444	1,693
C-QUADRAT UK Group	4,630	1,383
QC Partners GmbH	553	526
SMN	2	2
Total volume	10,154	6,042

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

	6M 2017	6M 2016
	Total	Total
Group	83	84
Companies not fully included in the scope of consolidation	15	22

The above employee figures exclusively comprise salaried employees.

Vienna, August 21, 2017

Gerd Alexander Schütz, 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 JUNE 30, 2017

REVIEW OF THE ECONOMIC SITUATION AND CAPITAL MARKETS IN THE FIRST SIX MONTHS OF 2017

At the start of 2017, the stock markets were relatively stable and realized slight gains. The unexpected outcome of the American presidential election resulted in continuous price gains on stock markets in the United States of America in particular. In Europe, there were no major shocks to match those seen in the previous year, such as the United Kingdom's surprising withdrawal from the EU ("BREXIT"). The capital markets stabilized and generally realized a marginally positive performance. The ECB announced that it would extend its bond purchasing program up to the end of 2017 but reduce the purchasing volume. It left its key interest rate at its current level of 0%. The forecasts for the Eurozone's economic growth in the near future are positive. However, the capital markets may repeatedly experience sudden corrections due to a large number of unresolved challenges.

BUSINESS DEVELOPMENT AND SITUATION OF THE COMPANY

The financial year 2017 to date has delivered a sound and positive result which represents a significant improvement on the previous year. The Group's net profit for the period in 2017 amounts to EUR 3,224 thousand (previous year: EUR 941 thousand). The volume of assets entrusted to the C-QUADRAT Group had increased to EUR 10.2 billion as of June 30, 2017 (December 31, 2016: EUR 6.0 billion).

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

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

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

ASSET MANAGEMENT

2017 was also a successful financial year for the investment funds managed by the company and for these funds' managers.

At the 2017 Lipper Fund Awards, C-QUADRAT once again picked up prizes in its peer groups for Europe and Germany. The funds managed by ARTS Asset Management GmbH, a member of the C-QUADRAT Group, took first place twice at the prestigious Lipper Fund Awards 2017.

At the Euro Fund Awards 2017, the funds managed by C-QUADRAT and ARTS likewise once again garnered a large number of awards. In various categories, they were awarded a total of five first places and two third places.

On June 30, 2017, the total assets under management of the C-QUADRAT Group amount to EUR 10,154 million, an increase of EUR 4,112 million or 68.1% by comparison with their volume as of December 31, 2016 (December 31, 2016: EUR 6,042 million). The very strong growth of the volume of assets entrusted to the C-QUADRAT Group and the large number of awards for C-QUADRAT funds indicate our customers' level of satisfaction. In the institutional sector in particular, extremely high inflows have been registered in 2017.

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

	6/30/2017	12/31/2016
	EUR million	EUR million
ARTS Asset Management GmbH	2,525	2,438
C-QUADRAT Asset Management GmbH	2,444	1,693
C-QUADRAT UK Group	4,630	1,383
QC Partners GmbH	553	526
SMN	2	2
Total volume	10,154	6,042

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

INCOME STATEMENT

In the first six months of 2017, fee and commission income increased by EUR 4,591 thousand or 22%, from EUR 20,713 thousand to EUR 25,304 thousand. Fee and commission expenses increased by EUR 1,542 thousand or 15%, from EUR 10,418 thousand to EUR 11,960 thousand.

Aside from fee and commission income, other operating income of EUR 231 thousand (first six months of 2016: EUR 267 thousand) contributed to total revenues.

Personnel expenses in the first six months of 2017 amounted to EUR 6,406 thousand (first six months of 2016: EUR 4,837 thousand), other administrative expenses to EUR 3,307 thousand (first six months of 2016: EUR 4,046 thousand) and other operating expenses to EUR 319 thousand (first six months of 2016: EUR 448 thousand).

The above changes in the first six months of 2017 led to an operating profit before depreciation and amortization of EUR 3,543 thousand (first six months of 2016: EUR 1,231 thousand). After depreciation and amortization of EUR 928 thousand (first six months of 2016: EUR 982 thousand), an operating profit of EUR 2,615 thousand (first six months of 2016: EUR 249 thousand) was realized.

Net income from associates of EUR 1,349 thousand is at the same level as in the same period in the previous year (EUR 1,393 thousand). The financial result amounted to EUR -86 thousand (first six months of 2016: EUR -335 thousand).

A group taxation arrangement between C-QUADRAT Investment AG, C-QUADRAT Wealth Management AG (previously C-QUADRAT Kapitalanlage AG) and C-QUADRAT Asset Management GmbH led to a tax burden for the C-QUADRAT Group of EUR 653 thousand (first six months of 2016: EUR 366 thousand). This means a net profit for the year of EUR 3,224 thousand (first six months of 2016: EUR 941 thousand).

BALANCE SHEET

The balance sheet total as of June 30, 2017 amounted to EUR 53,207 thousand and has increased by EUR 2,184 thousand or 4% in relation to the balance sheet total as of December 31, 2016 (EUR 51,023 thousand). Receivables from customers have increased by EUR 204 thousand or 6%. As of June 30, 2017, liabilities to banks total EUR 5,030 thousand (December 31, 2016: EUR 12 thousand). In the period under review, a loan was taken out with a volume of EUR 5,000 thousand by way of funding for a real estate project. At EUR 6,605 thousand, shares in associates are EUR 1,576 thousand or 19% lower than as of December 31, 2016. At EUR 17,121 thousand, the cash and cash equivalents item is EUR 1,288 thousand or 7% lower than at the start of the year. In the first six months of 2017, the C-QUADRAT Group has nonetheless maintained extremely robust liquidity alongside its securities investments, since cash and cash equivalents comprise approx. 32% of the balance sheet total (December 31, 2016: approx. 36%).

KEY PERFORMANCE FIGURES

Cash flow from operating activities increased year-on-year from EUR 712 thousand to EUR 3,425 thousand. The net profit for the period and changes to liabilities not attributable to investing and financing activities account for the largest increases. Cash flow from investment activities was EUR -2,545 thousand, compared to EUR 7,205 thousand in the same period in the previous year. Due to the dividends paid and the take-up of a loan, cash flow from financing activities amounts to EUR -2,266 thousand, compared to the previous year's figure of EUR -18,369 thousand. The overall cash flow for the Group amounts to EUR -1,288 thousand in the first half of the financial year 2017, due to the activities outlined above, while the cash flow in the same period in the previous year totaled EUR -10,386 thousand.

The cost-to-income ratio (total costs/total revenues before taxes) amounts to 85.8%, while the figure for the previous year was 94.2%.

The EBITDA margin (operating profit before depreciation and amortization/total revenues) amounts to 13.9%, while the figure for the previous year was 5.9%.

On average, in the first half of the financial year 2017 the C-QUADRAT Group had 83 employees on its payroll (first half of the financial year 2016: 84 employees). (FTE – Full Time Equivalent).

A total of two compliance training sessions were held for the company's employees in the first half of the financial year 2017. The training focused on organizational and administrative measures associated with insider information, employee transactions and an update of money laundering prevention (FM-GwG).

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

RISKS

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

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

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

For further details on risk management, reference is made to Item V.7. in the notes to the consolidated financial statements.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

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

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

reporting also includes monthly discussions of financial performance and deviance analyses between the controlling department and the respective Management Boards.

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

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

APPLICABLE FINANCIAL INSTRUMENTS

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

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

OUTLOOK FOR THE COMPANY

As always, the company's revenue trend depends on events on the international financial markets. The C-QUADRAT Group is well prepared for 2017 and for subsequent years. It has a portfolio of exciting products and product ideas, enjoys a solid financial footing and can thus justifiably expect a continuing positive performance.

The Group plans to further expand its activities, in particular in the field of product development and marketing, in order to react to the constantly changing needs of investors and to address these needs. This includes the development of new product categories and asset classes. At the same time, sales activities will be further developed in the company's core markets of Germany and Austria, while opening up new regional markets such as Switzerland, Poland and Italy in order to safeguard the company's existing market position and to extend this where possible. The Institutional Sales division will also be further expanded, thus enabling the increase in assets under management planned for 2017.

Nonetheless, with the United Kingdom's decision to withdraw from the EU ("BREXIT") and the coming into force of the MiFID II Directive in early 2018, the C-QUADRAT Group faces new challenges which it must master in good time and on a long-term basis.

In overall terms, the C-QUADRAT Group envisages a continuing positive performance in 2017.

EVENTS AFTER THE BALANCE SHEET DATE

C-QUADRAT Kapitalanlage AG was renamed C-QUADRAT Wealth Management AG on July 24, 2017 after the Austrian Financial Market Authority (*Finanzmarktaufsicht*, FMA) approved the company's license conversion from an investment trust company to a licensed investment firm pursuant to the 2007 Austrian Securities Supervision Act (*Wertpapieraufsichtsgesetz*, WAG). On August 11, 2017, C-QUADRAT Wealth Management AG changed its legal form from a stock corporation (*Aktiengesellschaft*) to a limited-liability company (*Gesellschaft mit beschränkter Haftung*) and now trades under the name C-QUADRAT Wealth Management GmbH.

The process in context with the enforcement proceedings (acc. to Rechnungslegungs-Kontrollgesetz, Financial Reporting Control Law) with the Austrian Financial Market Authority which had been lodged before to the Austrian Federal Administrative Court (Bundesverwaltungsgericht, BVwG) was withdrawn by C-QUADRAT Investment AG and therefore terminated through the court's ruling of July 3, 2017.

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

Vienna, August 21, 2017

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

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

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

We confirm to the best of our knowledge that the condensed interim consolidated financial statements as of June 30, 2017 give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the interim group management report gives a true and fair view of important events that have occurred during the first six months of the financial year 2017 and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

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

The interim financial report as of June 30, 2017 was neither subject to a complete audit nor to an audit review by an auditor.

Vienna, August 2017

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

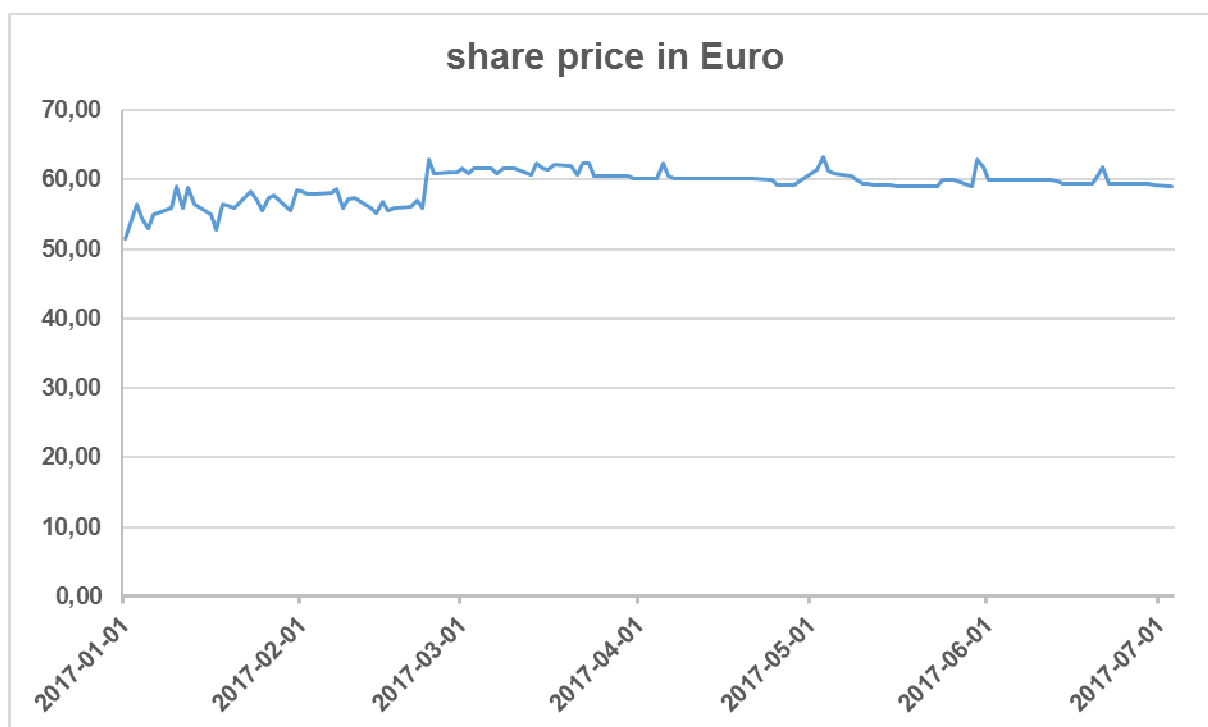
Cristobal Mendez de Vigo, m.p.
Member of the Management Board

FINANCIAL CALENDAR 2017

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

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

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



XETRA Frankfurt 1 January 2017 – 30 June 2017

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 circumstances – and hence the actual results – may deviate due to various factors from the expectations presented in this report. Statements relating to persons should be understood as gender-neutral.

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