



the fund company

Interim Report

as of 31 March 2011

C-QUADRAT Investment AG



C-QUADRAT Investment AG
CONSOLIDATED INCOME STATEMENT
for the period 1 January 2011 to 31 March 2011

		1-3 2011	1-3 2010
	Notes	TEUR	TEUR
Fee and commission income	1	13,668	16,501
Other operating income		<u>61</u>	<u>82</u>
Operating income		13,728	16,583
Fee and commission expenses		-9,661	-8,509
Personnel expenses		-1,857	-2,718
Other administrative expenses	2	-1,273	-1,179
Other operating expenses		<u>-276</u>	<u>-226</u>
Operating profit before depreciation		663	3,952
Depreciation		<u>-56</u>	<u>-61</u>
Operating profit		607	3,891
Income from associates	3	649	1,835
Finance revenue		63	330
Finance expenses		<u>-111</u>	<u>-686</u>
Profit before taxes		1,207	5,370
Taxes	4	<u>-194</u>	<u>-703</u>
Net Profit for the period		<u>1,013</u>	<u>4,667</u>
Earnings per share of the continued operation	5	<u>TEUR</u>	<u>TEUR</u>
- undiluted and diluted, for the profit/loss attributable to the holders of ordinary shares in the company		0.23	1.07

C-QUADRAT Investment AG
STATEMENT OF COMPREHENSIVE INCOME
for the period 1 January 2011 to 31 March 2011

	1-3 2011	1-3 2010
Notes	<u>TEUR</u>	<u>TEUR</u>
Net Profit for the period	1,013	4,667
Total income and expenses recognised directly in equity:		
Net-profit from financial assets held for sale	52	0
Tax	<u>-13</u>	<u>0</u>
Other comprehensive income	39	4
Total comprehensive income	<u>1,052</u>	<u>4,671</u>

C-QUADRAT Investment AG
CONSOLIDATED BALANCE SHEET
as at 31 March 2011

		31.03.2011	31.12.2010
	Notes	TEUR	TEUR
ASSETS			
Non-current assets			
Intangible Assets		256	256
Property, plant and equipment		471	514
Investments in associates	7	5,411	10,387
Financial investments	8	4,207	4,168
Other assets	9	195	260
Deferred tax asset		<u>2,713</u>	<u>2,752</u>
		13,254	18,337
Current assets			
Receivables from customers		3,599	12,707
Financial investments	8	2,963	3,138
Other assets	9	1,362	799
Cash and cash equivalents	10	<u>31,707</u>	<u>22,147</u>
		39,632	38,791
Non-current assets, held for sale	11	<u>747</u>	<u>747</u>
Total assets		<u>53,633</u>	<u>57,875</u>
EQUITY and LIABILITIES			
Issued capital		4,363	4,363
Add paid-in capital		17,948	17,948
Retained earnings		17,714	16,701
Other reserves		<u>39</u>	<u>0</u>
Total equity		40,065	39,013
Non-current liabilities			
Non-current provisions		107	108
Deferred tax liabilities		<u>198</u>	<u>215</u>
		306	323
Current liabilities			
Payables to customers		8,548	13,663
Other current liabilities	12	2,627	2,881
Other provisions		305	325
Income tax payable		<u>1,783</u>	<u>1,670</u>
		13,263	18,539
Total liabilities		<u>13,568</u>	<u>18,862</u>
Total equity and liabilities		<u>53,633</u>	<u>57,875</u>

C-QUADRAT Investment AG

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

zum 31 March 2011

	Equity attributable to equity holder of the parent					Non-controlling interest	Total equity
	Issued capital	Add paid-in capital	Retained earnings	Other reserves	Shareholders' equity	interest	
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
31.12.2009	4,363	17,948	4,039	14	26,365	151	26,516
Decrease in non-controlling interest	0	0	0	0	0	-151	-151
Total comprehensive income	0	0	4,667	4	4,671	0	4,671
31.03.2010	4,363	17,948	8,706	19	31,036	0	31,036
31.12.2010	4,363	17,948	16,701	0	39,013	0	39,013
Total comprehensive income	0	0	1,013	39	1,052	0	1,052
31.03.2011	4,363	17,948	17,714	39	40,065	0	40,065

C-QUADRAT Investment AG
CONSOLIDATED CASH FLOW STATEMENT
for the period 1 January 2011 to 31 March 2011

		1-3 2011	1-3 2010
	Notes	TEUR	TEUR
Net Profit for the period		1,013	4,667
Tax		194	703
Financial result		48	356
Income from associates		-649	-1,835
Depreciation of intangible assets, property, plant and equipment		56	61
Increase/decrease in long term provisions		0	6
Income/loss from the disposal of fixed and financial assets		0	703
Increase/decrease in receivables and other assets		8,610	-5,962
Increase/decrease in other provisions		-20	-75
Increase/decrease in trade payables		-5,369	2,286
Income tax paid		2	69
Cash flow from operating activities	VI	3,886	979
Cash flow from investing activities	VI	5,675	1,668
Cash flow from financing activities	VI	-1	1
Net increase in cash and cash equivalents	VI	9,560	2,648
Cash and cash equivalents at beginning of period		22,147	12,559
Cash and cash equivalents at end of period	VI	31,707	15,207

CONSOLIDATED FINANCIAL STATEMENTS

I. CORPORATE INFORMATION

The C-QUADRAT Group, including its subsidiaries and participations, is a European independent asset manager. The company has owned its own investment trust company with bank licence since 2003, has been listed since November 2006 in the Prime Standard segment of the Frankfurt Stock Exchange and since May 2008 on the Vienna Stock Exchange. The core competencies 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 its specific origins and historical development, the business operations of C-QUADRAT were previously concentrated in Austria. However, the Group is now expanding steadily into the countries of Central and Eastern Europe (CEE) and Germany.

The registered office of the Group parent company is located at Stubenring 2, 1010 Vienna, Austria. The company is registered in the Companies Register held at Vienna Commercial Court under registration number 55148a.

II. ACCOUNTING POLICIES

2.1. Basis on which the unaudited, not reviewed and condensed interim consolidated financial statements were prepared

The condensed interim consolidated financial statements as of 31 March 2010 were neither subject to a complete audit nor to an audit review of an auditor.

The condensed interim consolidated financial statements as of 31 March 2011 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 International Financial Reporting Interpretations Committee (IFRIC), as applicable in the European Union (EU). The condensed interim consolidated financial statements for the three months ended 31 March 2011 have been prepared in accordance with IAS 34 as adopted by the EU. It does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements as at 31 December 2010.

The present condensed interim consolidated financial statements cover the period from 1 January 2011 to 31 March 2011 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 condensed interim 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 totalled.

2.2. Changes in accounting policies

As a matter of principle, the accounting policies applied in the condensed interim consolidated financial statements as at 31 March 2011 are the same like in the Group's consolidated financial statements as at 31 December 2010, with the following exceptions:

In the interim reporting period, the Group applied the new and revised IFRSs and IAS standards and interpretations as listed below. Application of these new or revised standards and interpretations had the following effects on the consolidated financial statements:

On 4 November 2009, the IASB published amendments to **IAS 24** (Related Party Disclosures) in order to provide state-controlled entities with a partial exemption from disclosure requirements and to sharpen the definition of a "related party". The Board did not change the basic approach in the previous version of IAS 24 concerning related parties, according to which entities are required to provide information about related party transactions. The amendments are a response to concerns that the previous disclosure rules and the definition of a related party are too complex and difficult to apply in practice, especially in environments in which state control prevails. The revised standard aims to addresses these concerns as follows:

- State-controlled entities are granted a partial exemption. Until now, entities that are controlled or significantly influenced by a state have had to disclose information about all transactions with entities controlled or significantly influenced by the same state. According to the revised standard, disclosures that are important for the addressees of financial statements are also required. However, information that can only be provided at considerable cost or which is of little benefit for users is now exempted. This means that disclosures need only be made regarding transactions that are individually or collectively important.
- The definition of "related party" has been revised.

The revised standard also clarifies that disclosure is required of any commitment of a related party to do something if a particular event occurs or does not occur in the future, including executory contracts (recognised or unrecognised). The revised version applies to reporting periods beginning on or after 1 January 2011; early adoption is permitted. The amendments to this standard were adopted by the EU on 19 July 2010. Since the Group is not associated with, does not work together with and is not materially influenced by governments, this standard has no effect on the condensed interim consolidated financial statements.

The amended **IAS 32** (Financial Instruments: Presentation – Classification of Rights Issues) applies for financial years beginning on or after 1 February 2010. The definition of a financial liability has been amended to classify rights issues (and certain options or warrants) as equity instruments if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments in order to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.

On 26 November 2009, the IASB issued a minor amendment to its requirements on accounting for pension plans. The amendment applies to **IFRIC 14**, which is an interpretation of IAS 19 Employee Benefits. The amendment applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. According to the amendment, an entity is now permitted to treat the benefit of such an early payment as an asset. The "Prepayments of a Minimum Funding Requirement" amendment has an effective date for mandatory adoption of 1 January 2011 and was adopted by the EU on 19 July 2010. Early adoption is permitted for 2009 year-end financial statements. The amendment must be applied retroactively from the beginning of the earliest comparative period presented. Since the Group does not provide any pension plans, this interpretation has no effect on the condensed interim consolidated financial statements.

On 26 November 2009, the IASB published **IFRIC 19** (Extinguishing Financial Liabilities with Equity Instruments). The interpretation applies to financial years beginning on or after 1 July 2010. Early adoption is permitted. The interpretation must be applied retroactively from the beginning of the earliest comparative period presented. The EU adopted this interpretation on 23 July 2010. The interpretation stipulates that, if a debtor issues equity instruments to a creditor to extinguish all or part of a financial liability, these equity instruments are to be viewed as “consideration paid” in accordance with IAS 39.41. The debtor must therefore extinguish the financial liability in full or in part. The debtor must measure the equity instruments issued to the creditor at fair value unless the fair value cannot be measured reliably. The equity instruments are then measured at the fair value of the financial liability extinguished. If only a part of the liability is extinguished, the debtor must assess whether some of the consideration paid has resulted in modification of the terms for the outstanding liability. If that is the case, the debtor must allocate the fair value of the consideration paid to the part of the liability extinguished and the part of the liability that remains outstanding. Any difference between the carrying amount of the extinguished financial (partial) liability and the initial measurement of the equity instruments is recognised in profit and loss. If only a part of the liability is extinguished, the debtor must assess whether the terms of the remaining liability have been substantially modified (taking the part of the consideration paid that was allocated to the remaining part of the liability into account). If there has been a substantial modification, the debtor must account for the modification as an extinguishment of the remaining original liability and recognise a new liability (see IAS 39.40). Since the Group is not reporting any liabilities to lenders at the present time and in the event of a liability to lenders would not consider issuing equity instruments in order to repay such a liability, this interpretation does not have any effect on the condensed interim consolidated financial statements.

Improvements to IFRS 2010

On 6 May 2010, the IASB published the final amendments to 7 IFRSs, as well as the associated guidance and Bases for Conclusions resulting from the Board's annual improvement project. The IASB's Annual Improvements project provides an opportunity for minor and non-urgent improvements to IFRSs that are not part of another major project. The primary objectives are to eliminate inconsistencies and to clarify wording. Some amendments triggered amendments to other IFRSs. Most amendments enter into force for financial years beginning on or after 1 January 2011 and have not been applied prematurely by the Group in those cases where application would have been possible. The following table shows the standards and the issues addressed by the amendments.

IFRS/IAS/IFRIC	Subject of amendment	Effective for years beginning on or after [...]
IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i>	<ul style="list-style-type: none"> Accounting policies changes in the year of adoption Revaluation basis as deemed cost Use of deemed cost for operations subject to rate regulation 	1 January 2011
IFRS 3 <i>Business Combinations</i>	<ul style="list-style-type: none"> Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS Measurement of non-controlling interests (NCI) Un-replaced and voluntarily replaced share-based payment awards 	1 January 2011
IFRS 7 <i>Financial Instruments: Disclosures</i>	Clarification of disclosures	1 January 2011
IAS 1 <i>Presentation of Financial Statements</i>	Clarification of statement of changes in equity	1 January 2011

IAS 27 <i>Consolidated and Separate Financial Statements</i>	Transition requirements for amendments made as a result of IAS 27	1 January 2011
IAS 34 <i>Interim Financial Reporting</i>	Significant events and transactions	1 January 2011
IFRIC 13 <i>Customer Loyalty Programmes</i>	Fair value of award credit	1 January 2011

2.3. Published standards and interpretations that are not yet mandatory and which have not been applied prematurely

A number of other standards and interpretations have been adopted by the IASB that are not yet mandatory for the condensed interim consolidated financial statements. These were not applied prematurely 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.

On 7 October 2010 the IASB published amendments to **IFRS 7** (Disclosures – Transfers of Financial Assets). The amendments provide for extensive new qualitative and quantitative disclosures concerning transferred financial assets which have not been closed out and a commitment continuing beyond the reporting date in the case of transferred financial assets. These amendments apply for a financial year beginning on or after 1 July 2011. The possible effects of these amendments for the consolidated financial statements are currently being assessed.

On 12 November 2009, the IASB published the first part of phase I of **IFRS 9** (Financial Instruments: Classification and Measurement). This standard includes new rules on the classification and measurement of financial assets. Under these rules, depending on their characteristics and according to the applicable business model debt instruments are to be recognized either at amortized cost or in income at fair value. Equity instruments are always to be recognized at fair value. However, fluctuations in the value of equity instruments may be recognized in other comprehensive income due to the granted instrument-specific option which may be exercised at the time of the financial instrument's addition. On 28 October 2010 the IASB completed phase I of the project by publishing the second part of phase I with the rules on financial liabilities. These new rules prescribe that the existing classification and measurement rules for financial liabilities are to be maintained, with the following exceptions: Effects resulting from the change to the credit risk for financial liabilities which have been classified as measured in income at fair value are to be recognized directly in equity and derivative liabilities on non-quoted equity instruments may no longer be carried at amortized cost. The new rules apply for a financial year beginning on or after 1 January 2013. The possible effects of the new standard for the consolidated financial statements are currently being assessed.

The amendment to **IAS 12** (Deferred Tax: Recovery of Underlying Assets) was published on 20 December 2010 and applies for a financial year beginning on or after 1 January 2012. This amendment prescribes that deferred tax assets or liabilities for certain specified assets be measured based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale. This amendment is not expected to have any significant effect on the consolidated financial statements.

2.4. Summary of main accounting policies

General measurement methods

The condensed interim consolidated financial statements are prepared using the cost method, with the exception of financial assets measured at fair value through profit or loss, derivatives and financial assets held for sale, which were measured at fair value.

Measurement was carried out on a going concern basis.

The condensed interim consolidated financial statements were prepared using the following accounting policies:

Foreign currency translation

The consolidated financial statements are prepared in EUR 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 applicable on the date of the 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 recognised in the income statement. Non-monetary items recognised at cost in a foreign currency are converted using the rate applicable on the transaction date. Non-monetary items carried at fair value that are denominated in a foreign currency are reported using the exchange rate applicable when the fair value was determined. Any goodwill resulting from the acquisition of a foreign operation and any adjustments on a fair value basis to the carrying amounts of the assets and liabilities resulting from the acquisition of this foreign operation are recognised as assets and liabilities of the foreign operation and translated using the rate applicable on the closing date.

Currency translation was based on the following exchange rates:

in EUR	Closing rate			
	31.03.2011	31.12.2010	31.03.2010	31.12.2009
CHF	0.770	0.802	0.698	0.672
USD	0.709	0.755	0.743	0.698
HUF	0.00375	0.00358	0.00376	0.00368

in EUR	Average rate for the period			
	Q1 2011	2010	Q1 2010	2009
CHF	0.786	0.737	0.685	0.672
USD	0.732	0.726	0.720	0.704
HUF	0.00366	0.00363	0.00372	0.00371

Employee benefits

Severance payments

Provisions for severance payments are calculated in accordance with IAS 19 using the projected unit credit method. Future obligations are measured on the basis of actuarial expertises. Actuarial gains and losses are recognised immediately and in full in profit or loss. 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 amount of settlement paid 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

payments 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 (2009: AVÖ 2008 P tables for salaried employees): Actuarial gains and losses in respect of severance obligations are recognised immediately in profit and loss.

In addition to defined benefit, there is also a defined contribution plan for employees in Austria who joined the company after 1 January 2003. A statutory amount equal to 1.53% (1st Quarter 2010: 1.53%) of gross salary must be paid into a company pension fund and is recognised as statutory personnel expenses. As a consequence, no provisions need be formed for these employees.

Pension insurance

Employer's contributions to the statutory pension scheme, which are likewise recognised as statutory personnel expenses, amount to 12.55% (1st Quarter 2010: 12.55%) of gross monthly salary up to a maximum of EUR 4,200.00 (1st Quarter 2010: EUR 4,110.00).

Share-based compensation

The Extraordinary General Meeting held on 28 August 2007 adopted a shareholder resolution to increase the contingent capital by EUR 436,320.00 by issuing 436,320 no-par bearer shares, with shareholders excluded from subscribing, in order to service stock options granted under a stock option plan, likewise adopted by shareholder resolution, for executive employees and for members of the Management Board and Supervisory Board.

Under this stock option plan, beneficiaries are given the right (option) to acquire shares in the company at a certain price which is fixed when the option is granted and is graduated in tranches (transaction settled with equity instruments). These options can be exercised on predefined occasions. If the share price and hence the market capitalisation of the company increases, beneficiaries have the advantage of acquiring shares at the lower strike price. The financial value of the option is directly linked, therefore, to the business success of the company as reflected in the growth in its market value.

Due to the fact that, as of 31 March 2011, none of the potential beneficiaries had concluded an agreement to participate in the stock option plan and hence that no option certificates had been issued by that date, the options had not yet been issued as of 31 March 2011 (grant date method). Since the period for delivery of shares under the stock option plan began as early as 2007, the personnel expense to be recognised for the interim reporting period 2011 must be estimated on the basis of expectations as of the balance sheet date. Owing to the share price performance in 2011 so far and the anticipated share price performance over the remaining term of the options, the personnel expense for the stock option program was measured at zero for 1st Quarter 2011.

In the event of options being granted, the diluting effect of the outstanding stock options will be taken into account as additional dilution when calculating the earnings per share.

III. SCOPE OF CONSOLIDATION

In addition to C-QUADRAT Investment AG, the condensed interim consolidated financial statements of the C-QUADRAT Group include a total of four fully consolidated subsidiaries (31.12.2010: four) and two companies accounted for at equity (31.12.2009: two).

Within the interim reporting period 1 January 2011 to 31 March 2011 the scope of consolidation did not change.

In the corresponding interim reporting period of previous year C-QUADRAT Investment AG sold its entire interest (98.39%) in C-QUADRAT Private Investments AG with a contract of sale dated 29 January 2010 for a selling price of EUR 3.0 million. The contract was closed on 31 March 2010 because transfer of the company to the new majority owners and the changes in the management board were completed by that date. From that date onwards, C-QUADRAT Private Investments AG was no longer included as a fully consolidated company in the C-QUADRAT Group.

IV. NOTES TO THE INCOME STATEMENT

1. Fee and commission income

Fee and commission revenue relates to revenue from fund brokerage and asset management on behalf of third parties.

	1st Quarter 2011 TEUR	1st Quarter 2010 TEUR
Management Fees	11,519	7,564
Performance Fees	111	7,215
Trail Fees	1,747	1,589
Upfront Fees	153	24
Premium revenues	41	37
Other	96	73
Total	13,668	16,501

2. Other administrative expenses

Other administrative expenses consist of operating expenses for goods and services.

	1st Quarter 2011 TEUR	1st Quarter 2010 TEUR
Rental expenses	105	107
Promotion expenses	476	328
Legal and consultancy fees	63	106
IT expenses	219	221
Other office and premises expenses	43	45
Fees and levies	52	36
Travel expenses	66	65
Money transfer charges	20	42
Vehicle expenses	119	111
Other	110	119
Total	1,273	1,179

3. Income from associates

The net income from associates relates to the Group's share in the profits and losses of associates, which are accounted for using the equity method. Further details on associates are found under item 7 below.

4. Taxes on income

	1 st Quarter 2011 TEUR	1 st Quarter 2010 TEUR
Current income tax expense	173	676
Deferred taxes	22	27
Total income tax expense	194	703

5. Earnings per share

At the 19th Extraordinary General Meeting held on 28 August 2007, resolutions were adopted to implement a stock option plan and a concomitant contingent share capital increase of EUR 436,320.00, to be raised by issuing 436,320 no-par bearer shares, with existing shareholders excluded from subscribing (see the relevant disclosures under "Employee Benefits"). Since none of the potential beneficiaries had concluded an agreement to participate in the stock option plan, as of 31 March 2011, no diluting effect is taken into account when calculating the earnings per share.

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

	1 st Quarter 2011	1 st Quarter 2010
Weighted average number of ordinary shares	4,363,200	4,363,200

For notes on the strike prices for shares issued under the stock option plan, we refer to the comments under "Employee Benefits".

6. Segment reporting

Due to the applicability of the "management approach" in segment reporting since 1 January 2009, operating segments are no longer defined in terms of primary and secondary segments, but on the basis of the internal management of Group divisions whose operating profits are routinely reviewed by company management with regard to decisions on the distribution of resources to this segment and the measurement of its profitability. The operating segments previously identified using the "risks and rewards approach" are largely identical to the "Fund Brokerage" and "Asset Management" operating segments identified on the basis of the "management approach".

The following companies are included in the Fund Brokerage segment:

C-QUADRAT Investment AG
C-QUADRAT Deutschland AG
C-QUADRAT Portfolio Fonds GmbH
C-QUADRAT Portfolio-Fonds Vermittlung GmbH

This operation is primarily engaged in handling the sale and purchase of securities for brokerage customers (principally banks) and in the development and marketing of structured products and alternative investments.

The Asset Management segment includes the following company:

C-QUADRAT Kapitalanlage AG

This operation is mainly engaged in the management of external assets within publicly traded investment funds.

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 profit margin. The segment result presented refers to the net income for the year after deduction of non-controlling interests. Segment assets and segment liabilities include any assets or liabilities for taxes on income.

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

Period ended 31 March 2011

	Brokerage & Advisory	Asset Management	Consolidation	C-QUADRAT Group
	TEUR	TEUR	TEUR	TEUR
Fee and commission income	2,651	11,724	-707	13,668
<i>from external customers</i>	1,944	11,724	0	13,668
<i>intersegment income</i>	707	0	-707	0
Segment result	797	216	0	1,013
Income from associates	649	0	0	649
Depreciation	-28	-28	0	-56
Capital expenditure	11	2	0	13
Employees	33	45		78

Period ended 31 March 2010

	Brokerage & Advisory	Asset Management	Consolidation	C-QUADRAT Group
	TEUR	TEUR	TEUR	TEUR
Fee and commission income	2,076	15,062	-638	16,501
<i>from external customers</i>	1,622	14,879	0	16,501
<i>intersegment income</i>	454	184	-638	0
Segment result	1,448	2,962	256	4,667
Income from associates	1,835	0	0	1,835
Depreciation	-41	-20	0	-61
Capital expenditure	97	28	0	126
Employees	38	48		86

Of the fee and commission income from external customers in 1st Quarter 2011, 41% (1st Quarter 2010: 69%) came from third countries. Approx. 32% (1st Quarter 2010: 57%) came from Germany, approx. 2% (1st Quarter 2010: 5%) from Great Britain and approx. 7% (1st Quarter 2010: 7%) from other countries. The subdivision by country is taken from the statistical report on cross-border services (ZABIL) to be submitted each month by the C-

QUADRAT Group to the Austrian National Bank (OeNB). No additional information on geographical regions is available.

V. NOTES TO THE BALANCE SHEET

7. Shares in associates

	31.03.2011 TEUR	31.12.2010 TEUR
Ariconsult Holding AG (25,1%)	747	747
ARTS Asset Management GmbH (45%)	5,411	10,387
	6,158	11,134
Reclassification of non-current assets classified as held for sale	-747	-747
Total	5,411	10,387

For the purpose of further streamlining of the Group's structure, under a share purchase agreement of 4 February 2011 C-QUADRAT Investment AG sold its 25.1% interest in Ariconsult Holding AG for a selling price of EUR 770 thousand. Due to suspensive conditions the closing of the contract was at 8 April 2011 and therefore shares in associates of Ariconsult Holding AG were classified as an asset held for sale as of the interim reporting date 31 March 2011.

8. Financial assets

	31.03.2011 TEUR	31.12.2010 TEUR
Non-current assets:		
Available-for-sale financial assets measured at fair value	2,694	2,655
Receivables	1,513	1,513
	4,207	4,168
Current assets:		
Financial assets measured at fair value through profit or loss	2,463	2,638
Receivables	500	500
	2,963	3,138
Total	7,170	7,305

On the one hand, the available-for-sale financial assets measured at fair value relate to shares in investment funds and therefore have no fixed maturity and no fixed interest rate. On the other hand this item includes investments in variable-interest bonds, some of which do not have any maturity date and some of which are not held to their maturity.

The financial assets measured at fair value relate to investments in ordinary and preference shares and in investment funds and are entirely (31.12.2009: entirely) traded on the stock market or at calculated values that are published daily.

The receivables exclusively relate to purchase price receivables resulting from the sale of shares in C-QUADRAT Private Investments AG.

9. Other assets

	31.03.2011 TEUR	31.12.2010 TEUR
Receivables from offsetting of levies	26	44
Capitalised prepayments	922	786
Security deposits	112	112
Miscellaneous	497	117
Other non-financial assets	1,558	1,060

Other assets are recognised at fair value; of the total, EUR 1,362 thousand (31.12.2010: EUR 799 thousand) are current.

10. 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 31,707 thousand (31.12.2010: EUR 22,147 thousand).

11. Non-current assets classified as held for sale

Associates

For the purpose of further streamlining of the Group's structure, under a purchase agreement of 4 February 2011 C-QUADRAT Investment AG sold its 25.1% interest in ARICONSLT Holding AG for a selling price of approx. EUR 770 thousand. The activities of this group of companies comprise marketing of investment products as well as asset management for its own investment funds.

Due to suspensive conditions the closing of the contract was at 8 April 2011 and therefore the interest held in Ariconsult Holding AG as of 31 March 2011 was classified as an asset held for sale.

The following table shows the composition as of 31 March 2011 of the held-for-sale assets and liabilities of Ariconsult Holding AG:

	31.03.2011 EUR thou.	31.12.2010 EUR thou.
Group interest in the assets and liabilities of the associate		
Non-current assets	1,126	1,126
Current assets	91	91
Non-current liabilities	-33	-33
Current liabilities	-437	-437
Pro-rata net assets	747	747

12. Other liabilities

Other current liabilities

	31.03.2011 TEUR	31.12.2010 TEUR
Liabilities to tax authorities	416	221
Liabilities to social insurance institutions	95	93
Liabilities for premiums and bonuses Employees	1,279	1,985
Liabilities for outstanding leave	193	196
Other	645	387
Total	2,627	2,881

13. Risk report

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

Since the C-QUADRAT Group does not have any liabilities to banks as of the interim reporting date of 31 March 2011 (31.12.2010: EUR 0 thousand), the company is not exposed to any risk of variations in market interest rates. Accordingly, no hedges were used to eliminate an interest rate risk.

Foreign exchange risk

Most of the company's business operations are carried out within the Eurozone. This also applies for the subsidiaries C-QUADRAT Kapitalanlage AG and C-QUADRAT Deutschland AG. As a sole exception the Swiss subsidiary C-QUADRAT Fonds-Analyse und Marketing AG – which was liquidated in the 2010 financial year – prepared its financial statements in Swiss francs. As of 31 March 2011 total recognised assets and liabilities denominated in foreign currency (USD and HUF) were EUR 44 thousand (31.12.2010: EUR 93 thousand) and EUR 0 thousand (31.12.2010: EUR 19 thousand) respectively.

Within the C-QUADRAT Group, transactions were conducted in foreign currency to an insignificant extent (and only in CHF, USD and HUF). Foreign-currency transactions are therefore of secondary importance and do not occur throughout the Group, the foreign-exchange risk is considered minor, so no hedges were used to eliminate the risk of exchange rate variations.

Credit risk

The Group concludes transactions only with recognised 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 which are recognised and creditworthy, collateral is not required.

Liquidity risk

The company continuously monitors the risk of liquidity bottlenecks using a liquidity planning tool, which 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 interim reporting date 31 March 2011, as well as securities which may be liquidated at any time the Group has cash and cash equivalents in the amount of EUR 31,707 thousand (31.12.2010: 22,147), which is equivalent to approx. 59% of the balance sheet total (31.12.2010: 38%). 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 a high credit rating and a good equity ratio in order to support its business operations and maximise 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):

	31.03.2011	31.12.2010
	TEUR	TEUR
Share capital	4,363	4,363
Reserves	16,320	16,281
Shareholders' equity in accordance with the Austrian Securities Supervision Act	20,683	20,644
Consolidated net profit	1,013	15,290
Profit carried forward/Dividends	18,369	3,079
Shareholders' equity in accordance with IFRS	40,065	39,013
Liabilities	13,568	18,862
Total shareholders' equity and liabilities	53,633	57,875
Equity ratio in accordance with the Austrian Securities Supervision Act	38.6%	35.7%
Equity ratio in accordance with IFRS	74.7%	67.4%

As the parent company of the C-QUADRAT Group and as a securities company, C-QUADRAT Investment AG is subject to the provisions on shareholders' equity laid down in the Austrian Securities Supervision Act 2007 (WAG 2007). For example, the company is required to maintain shareholders' equity at a minimum level of 25% of the fixed overheads according to the most recently approved annual financial statements, and in no case less than the EUR 50 thousand in start-up capital required to obtain a licence. The company is also required to keep equity available for hedging of credit and operational risks. In the same

way as for banks, shareholders' equity equal to at least 8% of the risk-weighted assets must be held to cover the credit risk. In addition to the minimum amount of shareholders' equity, and the shareholders' equity required to hedge the credit risk, 12/88 of 25% of the fixed overheads of the most recently approved annual financial statements must also be held for hedging of operational risk.

This means that the company would currently have to hold at least EUR 3,238 thousand in shareholders' equity (31.12.2010: EUR 3,133 thousand) in accordance with Sections 9 (2), (5) and (6) WAG 2007. The eligible shareholders' equity of the company – which according to Section 9 (3) WAG 2007 is comprised of the paid-in capital and the disclosed reserves – is EUR 23,135 thousand (31.12.2010: EUR 23,135 thousand) so that the company has EUR 19,897 thousand in surplus shareholders' equity (31.12.2010: EUR 20,002 thousand).

14. Financial instruments

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

Financial assets	Carrying amount		Fair value	
	31.03.2011 TEUR	31.12.2010 TEUR	31.03.2011 TEUR	31.12.2010 TEUR
Cash and cash equivalents	31,107	22,147	31,107	22,147
Financial assets measured at fair value through profit or loss	2,463	2,638	2,463	2,638
Loans and receivables measured at amortised cost:				
Receivables from customers	3,599	12,707	3,595	12,691
Purchase price receivables	2,013	2,013	2,013	2,013
Available-for-sale financial assets measured at fair value	2,694	2,655	2,694	2,655

Financial liabilities	Carrying amount		Fair value	
	31.03.2011 TEUR	31.12.2010 TEUR	31.03.2011 TEUR	31.12.2010 TEUR
Other liabilities:				
Payables to customers	8,548	13,663	8,548	13,663

The fair value of financial assets and financial liabilities is stated at the amount at which the respective instrument could be exchanged in a current transaction (except for forced sale or liquidation) between willing parties.

15. 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 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.

Management Board

In the 1st Quarter 2011, the Management Board of C-QUADRAT Investment AG consisted of the following persons as in the previous year:

Gerd Alexander Schütz
Roland Starha
Markus A. Ullmer
Andreas Wimmer

The remuneration paid to members of the C-QUADRAT Investment AG Management Board totalled EUR 145 thousand in the 1st Quarter 2011, including variable remuneration components in the amount of EUR 0 thousand (1st Quarter 2010: EUR 0 thousand in variable components, EUR 148 thousand in total).

As of 31 March 2011, the C-QUADRAT Group has no interest-bearing receivables from shareholders or members of the parent company's management board or from members of the management boards or management of subsidiaries (31.12.2010: EUR 0 thousand).

Supervisory Board

In the 1st Quarter 2011, the Supervisory Board of C-QUADRAT Investment AG consisted of the following persons:

Chairman:

Marcus Mautner-Markhof

Vice-Chairman:

Franz Fuchs

Members:

Hubert Cussigh
Thomas Lachs
Friedrich Schweiger
Hans Zavesky

Associates

Revenues in the amount of EUR 542 thousand were generated from associates in 1st Quarter 2011 (1st Quarter 2010: EUR 506 thousand). These revenues relate mainly to fee and commission income and passed-on expenses. Expenses in the amount of EUR 2,946 thousand (1st Quarter 2010: EUR 2,280 thousand) were charged to the company by associates in 1st Quarter 2011. These charges mainly related to fee and commission expenses. As of 31 March 2011, receivables from associates amounted to EUR 1 thousand (31.12.2010: EUR 514 thousand) and payables to associates to EUR 1,411 thousand (31.12.2010: EUR 5,288 thousand).

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. The effects of company acquisitions and divestments are eliminated and are shown under "Inflow of funds from changes in the scope of consolidation" and "Outflow of funds from changes in the scope of consolidation". 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.

VII. OTHER DISCLOSURES

Volume of managed funds

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

	31.03.2011 mEUR	31.12.2010 mEUR
Total volume managed by the Group's own investment company	1,519	1,546
Total volume of advisory and third-party mandates	1,834	1,785
Total volume	3,353	3,331

Average number of employees during the financial year

	1st Quarter 2011 Total	1st Quarter 2010 Total
Group	78	86
<i>of whom full-time employees</i>	68	75
<i>of whom part-time employees</i>	10	11
<i>of whom in Austria</i>	70	78
<i>of whom in other countries</i>	8	8

The above figures include both full-time and part-time employees (but not casual workers), all of whom are salaried.

Vienna, 9 May 2011

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

Roland Starha m.p.
Member of the Management Board

Markus A. Ullmer m.p.
Member of the Management Board

Andreas Wimmer m.p.
Member of the Management Board