INTERIM REPORT 2016

GLOBAL EXPERTISE IN ASSET MANAGEMENT

Gottex Fund Management
Holdings Limited

Contents

PERFORMANCE HIGHLIGHTS

Gottex Fund Management Holdings Limited[1] is a leading independent global provider of predominantly multi manager alternative investment solutions and related advisory and risk management services. We tailor a variety of financial services and products for institutional and private investors.

Business highlights

- Encouraging growth of our Alternative Risk Premia initiative with Gottex appointed as investment manager of UCITs fund
- Continued progress in streamlining of business with further disposal of non-core businesses
- Successful recapitalisation of Gottex Group with CHF 7.0 million of fresh capital raised and approximately CHF 5.5 million of existing liabilities converted into equity
- Significant reduction in operating costs, down by approximately 45% for 6-month period to June 30, 2016, compared with first half of 2015
- A second tranche of recapitalisation is close to completion, with commitments secured for USD 6.2 million of cash investments into new equity, expected to be issued in early November

Financial highlights

Fee-earning assets[2] (USDbn)

Gross revenues Jan-June (USDm)

[1] 'Gottex', 'GFM', 'GFMH' or 'the Company' and together with its subsidiaries, 'the Group'.
[2] Fee-earning assets include 100% of the assets under management of subsidiaries, joint ventures, associates and financial investees where the Group provides investment management services. The year on year movement in gross revenues is more significant than on fee-earning assets due primarily to the reduction of the group equity stake in the non-core businesses following the group reorganization.

EXECUTIVE CHAIRMAN'S STATEMENT

Arpad Busson
Executive Chairman

Dear Shareholders,

The first half of 2016 saw a continuation of the volatile market conditions of 2015, with Central Bank stimulus, Brexit, and the current low-yield environment shaping investors' concerns. In this context, Gottex's management team continued with its implementation of the strategic decision to refocus on our core business of Alternative Investments and our LumRisk offering, and building a stable platform for growth. While there is still work to do, we believe that we are close to an inflection point in terms of the Group's prospects, and are encouraged by more recent initiatives, including the appointment of Gottex as the investment manager of an Alternative Risk Premia UCITs fund, and increasing demand for risk services offered by our LumRisk subsidiary,

During the first six months of this year we sold our stakes in the Multi-Asset investment provider, Frontier Investment Management, and the joint venture with Eden Rock Partners Limited in ERG Asset Management LLC. We also reduced our operating costs by approximately 42% on a like-for-like basis compared with the first half of 2015.

These decisions obviously have an impact on revenue streams in the short-term but we are confident that the realignment of the business towards our core competencies will lead to longer-term growth prospects. Total revenues for the first half of 2016 equalled USD 9.6 million. Global fee-earning assets[2] were USD 6.8 billion at 30 June 2016. The net loss after tax for the first six months to 30 June 2016 was USD 3.5 million. In light of the full year operating loss of USD 21.5 million in 2015, this represents a major improvement and the confirmation that our continued efforts to restructure the Company are meeting with success.

The Group achieved a key milestone at the end of the first half with an initial successful recapitalisation of the Company. CHF 7.0 million of fresh capital was raised and approximately CHF 5.5 million of existing liabilities converted into equity. A second tranche is close to completion. The Company has secured commitments from a diverse set of investors (institutional and high net worth individuals) who will invest an aggregate amount of USD 6.2 million in cash, against the issue of new shares. This new equity is expected to be issued in early November. The second tranche has been arranged on terms more favorable to Gottex than the plan initially announced: instead of issuing a convertible obligation, investors will take a direct equity stake. This is a vote of confidence in Gottex and its new strategy, from long-standing and new shareholders alike, and represents a major step in the Company's objective to return to growth and profitability. I would like to take this opportunity to thank all investors who took part in this recapitalisation, as well as our existing shareholders, for their continued trust and support.

Alternative Multi-Manager Solutions

Gottex's hedge fund strategies had a challenging start to the year, with many hedge funds being caught wrong-footed by the bearish markets in January, and subsequent rebound in the middle of Q1. Most hedge funds were conservatively positioned prior to the Brexit referendum and returned positive performance in June, led by macro managers who gained from the severe drop of the British Pound Sterling. Our diversified multi-strategy alternative portfolios performed negatively during H1, with net returns ranging from -0.1% to -5.1%, depending on the directionality of the mandate, compared with benchmark returns of -2.6% for the broader HFRI FoF Composite Index[3]. We are seeing a shift in investor sentiment towards hedge funds, leading to constructive conversations about innovative alternative investment solutions where Gottex is recognised as a leading industry participant. Our research in core multi-manager hedge fund solutions has benefited naturally from the development of our Risk Premia business and risk services infrastructure, as this has created a mutual exchange of ideas on the optimal tools and instruments available to our investment managers to implement their decisions.

Alternative Risk Premia ("ARP")

Building on our specialised expertise, structured and methodical investment process, and unique risk transparency infrastructure, Gottex has seen substantial progress in our ARP initiative in the first half of this year. We design both passive and actively managed ARP portfolios, harnessing liquid, cost-efficient, multi-factor ARP. Our ARP solutions either provide exposure to carefully constructed stand-alone ARP portfolios, or can be managed specifically to provide a complementary component within a broader portfolio of either traditional assets, hedge funds, or a mix of both. Following on from an initial major institutional mandate in August 2015, we have continued our dialogue with leading industry providers and were appointed as investment manager of a UCITS fund which was launched in July 2016. We are also in advanced discussions on a number of tailored actively-managed ARP mandates.

Risk Services

LumRisk SA, an independent Gottex Group company providing pioneering risk services, has made significant investments in its core technology infrastructure, starting to efficiently scale its platform and expand its capacity to offer advanced risk consolidation, analysis, and reporting across multiple asset classes and individual instruments, including Alternative Risk Premia. LumRisk is positioning itself to be in a very unique space of aggregating complex positions and instruments on a multi-provider basis for the benefit of its institutional clients.

Long-Only Funds

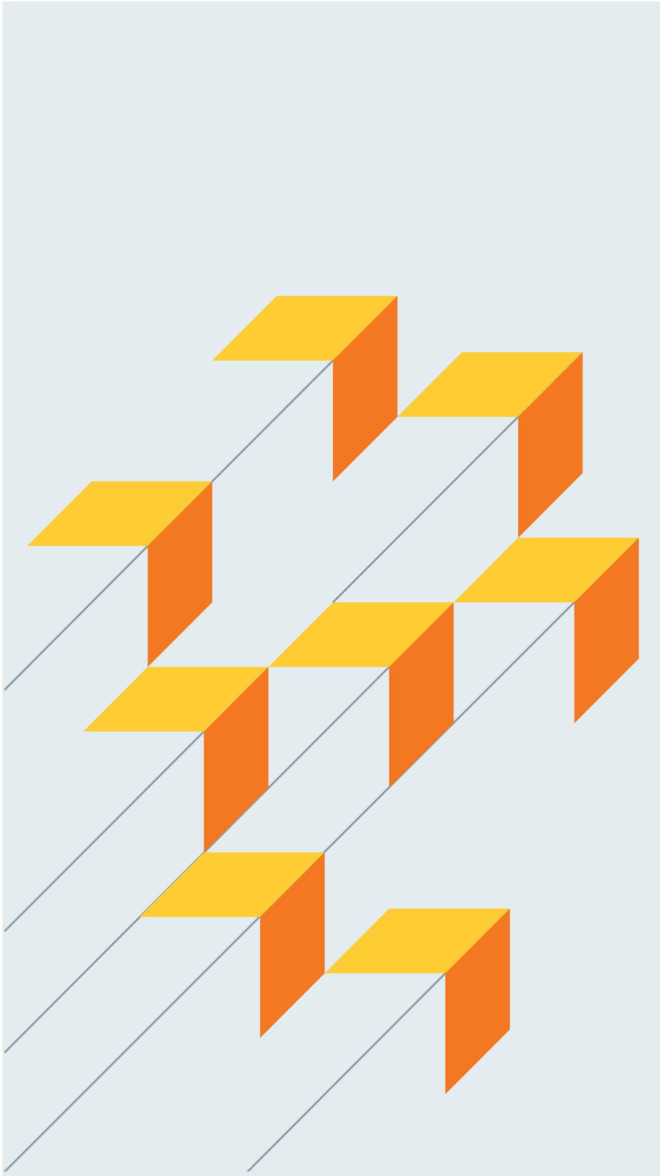
At the end of the first six months of the year, Gottex's long-only equity program investing in companies active in the natural resources sector was up 17.1%, compared to 13.1% for the Bloomberg Commodity Index[4] over the same period. Our European Equities long-only fund-of-funds underperformed its index, the MSCI Europe Total Return Net Dividend Index[5] by 2.9%, with the majority of the drawdown taking place in June, following the Brexit vote. The fund has since pared its losses with a strong recovery in the following months.

Going forward, our strategic decision to refocus on our core strengths and streamline our business is beginning to bear fruit as seen in recent mandate wins. Gottex's structured and methodical investment process, coupled with its sophisticated risk aggregation and reporting offering built on leading-edge proprietary technology, is being recognised by institutional investors and peers alike as setting a standard for leadership in this growing sector of the investment industry.

I am extremely encouraged by the progress to date and the significant growth in interest and activity surrounding both our alternative solutions business and LumRisk offering. This confirms our vision of how the investment management industry will evolve and we believe that we are well-positioned for the resultant opportunities to come.

Thank you

Arpad Busson
Executive Chairman



[3] The HFRI FoF Composite Index consists of over 800 fund of hedge fund constituents, domestic and offshore. These indices are unmanaged and uninvestible and the figures do not reflect any deductions for fees, expenses or taxes. However, the funds making up the index effect net returns.
[4] The Bloomberg Commodity Index ('BCOM'), previously known as the Dow Jones UBS Commodity Index is a broadly diversified commodity price index that tracks prices of futures contracts on physical commodities on the commodity markets and has 22 commodity futures in seven sectors. No one commodity can compose less than 2% or more than 15% of the index, and no sector can represent more than 33% of the index (as of the annual weightings of the components). The weightings for each commodity included in BCOM are calculated in accordance with rules that ensure that the relative proportion of each of the underlying individual commodities reflects its global economic significance and market liquidity. Annual rebalancing and reweighting ensure that diversity is maintained over time.
[5] The MSCI Europe Total Return Net Dividend Index is a free float-adjusted market capitalisation weighted index that is designed to measure the equity market performance of the developed markets in Europe. Net total return indexes reinvest dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.
Gottex has not selected or eliminated any index based solely on performance.

REVIEW REPORT ON THE UNAUDITED[6] INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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27 October 2016

To the Board of Directors of
Gottex Fund Management Holdings Limited

Report on the review of interim condensed consolidated financial statements

Introduction
We have reviewed the accompanying interim condensed consolidated financial statements (consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and notes 1 to 20) of Gottex Fund Management Holdings Limited for the period from 1 January 2016 to 30 June 2016. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

Emphasis of Matter
We draw attention to Note 1c to the financial statements which describes the material uncertainties related to the Group's liquidity situation that may cast significant doubt upon the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Ernst & Young Ltd

John Alton
Licensed Audit Expert
(Auditor in charge)

Michael J. Gaylor

UNAUDITED[6] INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Note	Six months ended 30 June 2016 USD 000	Six months ended 30 June 2015 USD 000
Revenue	2	**9,646**	19,756
Referral fee expense	3	**(830)**	(2,265)
Net revenue		**8,816**	17,491
Operating costs from operations	5	**(12,374)**	(22,659)
Recycling of CTA on disposal of subsidiary		**(312)**	-
Impairment of goodwill		**-**	(465)
Share of profits/(losses) from joint venture		**68**	(13)
Operating loss		**(3,802)**	(5,646)
Finance income	7	**71**	612
Finance costs	8	**(124)**	(178)
Net gain/(loss) on financial assets	9	**225**	(90)
Share of post-tax profits of associates		**94**	357
Loss before taxation		**(3,536)**	(4,945)
Income tax credit/(charge)	10	**55**	(152)
Loss for the period		**(3,481)**	(5,097)
Attributable to:			
Equity holders of the parent company		**(3,504)**	(4,956)
Non-controlling interest		**23**	(141)
Loss for the period		**(3,481)**	(5,097)
Loss per share for the period			
Basic and diluted, for loss for the period attributable to ordinary equity holders of the parent company	11	**(0.08)**	(0.11)

[6] Reviewed by Ernst & Young Ltd, refer to Review Report on page 5

UNAUDITED[6] INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Six months ended 30 June 2016 USD 000	Six months ended 30 June 2015 USD 000
Loss for the period	**(3,481)**	(5,097)
Items that will not be subsequently reclassified to profit and loss		
Actuarial losses on defined benefit pension plans (net of tax)	**(848)**	(67)
Items that may be subsequently reclassified to profit and loss		
Exchange differences arising on translation of foreign operations	**(41)**	(588)
Other comprehensive loss for the period, net of taxation	**(889)**	(655)
Total comprehensive loss for the period, net of tax	**(4,370)**	(5,752)
Attributable to:		
Equity holders of the parent company	**(4,393)**	(5,621)
Non-controlling interest	**23**	(131)
	(4,370)	(5,752)

UNAUDITED[6] INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	At 30 June 2016 USD 000	At 31 December 2015 USD 000
Non-current assets			
Goodwill	12	21,135	21,135
Intangible assets		4,079	4,763
Financial investments	13	5,956	5,884
Investment in joint venture and associates		2,589	2,496
Property, plant and equipment		411	499
Other receivables	14	132	371
Deferred tax asset		2,270	2,163
		36,572	37,311
Current assets			
Assets held for sale		-	473
Trade debtors	14	2,004	2,609
Other receivables	14	3,919	3,423
Tax assets		89	94
Financial investments	13	-	70
Cash and cash equivalents		689	2,357
		6,701	9,026
Total assets		43,273	46,337
Share capital	17	44,948	44,948
Treasury shares		(15,909)	(17,014)
Other reserves		37,996	32,898
Accumulated losses		(47,689)	(42,828)
Equity attributable to equity holders of the parent company		19,346	18,004
Non-controlling interest		167	144
Total equity		19,513	18,148
Non-current liabilities			
Accruals and other creditors	15	6,673	7,241
Deferred tax liabilities		-	73
		6,673	7,314
Current liabilities			
Liabilities held for sale		-	127
Trade creditors	15	2,743	3,776
Other payables	15	13,706	16,318
Current tax liabilities		638	654
		17,087	20,875
Total liabilities		23,760	28,189
Total equity and liabilities		43,273	46,337

Arpad Busson
Executive Chairman

Kevin Maloney
Co-Chief Investment Officer

UNAUDITED[6] INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Note	Six months ended 30 June 2016 USD 000	Six months ended 30 June 2015 USD 000
Operating activities			
Loss before taxation		**(3,536)**	(4,945)
Adjustments for:			
Impairment of goodwill	12	**-**	465
Amortisation of intangible assets		**763**	1,160
Depreciation of property, plant and equipment		**129**	378
(Profit)/Loss on sale of property, plant and equipment		**(3)**	13
(Profit) on disposal of joint venture		**(48)**	-
Recycling of CTA on disposal of a subsidiary		**312**	-
Share-based payments	18	**(271)**	556
Decrease/(Increase) in receivables		**471**	(2,029)
Increase/(Decrease) in payables		**256**	(408)
Income taxes received/(paid) (net)		**(7)**	(272)
Finance income		**(71)**	(612)
Finance cost		**124**	165
Deferred acquisition consideration previously capitalised in goodwill		-	(131)
Net (gain)/loss on financial assets	9	**(225)**	90
Share of post-tax (profits)/losses of joint venture		**(68)**	13
Share of post-tax (profits)/losses of associates		**(94)**	(357)
Net cash outflow from operating activities		**(2,268)**	(5,914)
Investing activities			
Interest received		**56**	69
Proceeds from sale of property, plant and equipment		**3**	93
Proceeds from sale of investments		**116**	2,730
Purchase of intangible assets		**(81)**	(108)
Purchase of property, plant and equipment		**-**	(422)
Net cash from investing activities		**94**	2,362
Financing activities			
Interest paid		**(27)**	-
Repayment of loan to related parties		**(1,108)**	(1,800)
Loan from related parties		**1,407**	2,792
Net cash from/(used) in financing activities		**272**	992
Net decrease in cash and cash equivalents in period		**(1,902)**	(2,560)
Opening cash and cash equivalents		**2,357**	7,482
Effect of foreign exchange rates		**234**	(154)
Closing cash and cash equivalents		**689**	4,768

UNAUDITED[6] INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Share Capital (Note 17)	Treasury shares	Translation reserve	Share-based payment reserve (Note 18)	Pooling and other reserves	Total other reserves	Retained earnings	Attributable to equity holders of the parent company	Non-controlling interest	Total equity
	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000	USD 000
Balance at 1 January 2015	44,948	(19,990)	(4,206)	10,418	28,184	34,396	(24,645)	34,709	913	35,622
Loss for the year	–	–	–	–	–	–	(17,120)	**(17,120)**	(745)	**(17,865)**
Other comprehensive income	–	–	(656)	–	–	**(656)**	323	**(333)**	(35)	**(368)**
Total comprehensive income	–	–	(656)	–	–	**(656)**	(16,797)	**(17,453)**	(780)	**(18,233)**
Recognition of share-based payments	–	–	–	748	–	**748**	–	**748**	–	**748**
Reclassification due to cancellation and vesting of equity awards	–	2,976	–	(1,590)	–	**(1,590)**	(1,386)	**-**	–	**-**
Capital contribution by non-controlling interest	–	–	–	–	–	–	–	–	11	**11**
Balance at 1 January 2016	44,948	(17,014)	(4,862)	9,576	28,184	32,898	(42,828)	18,004	144	18,148
Loss for the period	–	–	–	–	–	–	(3,504)	**(3,504)**	23	**(3,481)**
Other comprehensive income	–	–	(41)	–	–	**(41)**	(848)	**(889)**	–	**(889)**
Total comprehensive income	–	–	(41)	–	–	**(41)**	(4,352)	**(4,393)**	23	**(4,370)**
Reclassification of liabilities as equity	–	–	–	–	5,694	**5,694**	–	**5,694**	–	**5,694**
Recycling of CTA on disposal of a subsidiary	–	–	312	–	–	**312**	–	**312**	–	**312**
Recognition of share-based payments	–	–	–	(271)	–	**(271)**	–	**(271)**	–	**(271)**
Reclassification due to cancellation and vesting of equity awards	–	1,105	–	(596)	–	**(596)**	(509)	**-**	–	**-**
			(4,591)	8,709	33,878	37,996				
	44,948	(15,909)				37,996	(47,689)	19,346		
Balance at 30 June 2016								19,346	167	19,513

NOTES TO THE UNAUDITED[6] INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Corporate information

Gottex Fund Management Holdings Limited ("GFMH" or "the Company") is a company registered in Guernsey and was listed on the SIX Swiss Exchange ("SIX") on 6 November 2007. GFMH was incorporated in Guernsey on 15 August 2007. The registered office of GFMH is Redwood House, St Julian's Avenue, St Peter Port, GY1 1WA, Guernsey.

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2016 comprise GFMH and its subsidiaries (together referred to as "the Group"). The Group acts principally as an investment manager and investment advisor for Alternative Investments and multi-asset investment solutions.

These unaudited interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 26 October 2016.

1. Accounting policies

a) Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements as at 31 December 2015.

The unaudited interim condensed consolidated financial statements are presented in US Dollars, rounded to the nearest thousand, except otherwise indicated.

b) Changes in accounting policies

The accounting policies adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31 December 2015 except for the adoption of some minor changes in International Financial Reporting Standards ('IFRS').

The Group adopted several minor amendments to IFRS as at 1 January 2016. This has not resulted in any changes to the financial position or performance of the Group nor resulted in any additional disclosures to these unaudited interim condensed consolidated financial statements.

At the date of these unaudited interim condensed consolidated financial statements, some standards and amendments thereto which have not been applied in these financial statements were in issue but not yet effective for these financial statements. The Group is currently evaluating the impact of the finalised IFRS 9 Financial Instruments (effective from 1 January 2018), IFRS 15 Revenue from Contracts with Customers (effective date 1 January 2018) and IFRS 16 Leases (effective from 1 January 2019).

The Group has adopted and will adopt all relevant new standards when they become effective.

c) Going Concern

On May 27, 2016, the Company announced its intention to recapitalise the Company in the amount of CHF 12.7 million, subject to certain shareholder approvals at the Company's AGM on June 22, 2016, in order to secure its financial position and implement its strategy. Furthermore, it announced that its major shareholder had committed to convert loans of CHF 4.7 million into equity. On July 4, 2016 the Board of Directors, following the approval of shareholders at the Annual General Meeting on June 22, 2016, issued new shares for a total cash amount of CHF 7.0 subscribed by new and existing investors. In addition, the Company issued new shares to convert the loans referred to above and certain third party loans of CHF 0.8 million. On October 27, 2016, the Company announced that it intended to complete the recapitalisation by the issue of new shares to certain new investors who have committed to invest an aggregate amount of USD 6.2 million in cash. Once completed, the Company will have raised approximately USD 12.9 million net of all costs in cash and converted approximately USD 5.5 million of debt for new shares.

c) Going concern (Continued)

In the light of this and the Company's cash flow projections and business plans, the Directors have continued to adopt the going concern basis of accounting in these financial statements. However, they also consider that there continue to be material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The two key uncertainties are firstly that the Company is not able to secure some or all of the USD 6.2 million committed as referred to above, albeit that the Directors consider this unlikely, or an alternative source of financing at a similar level, and secondly that the business plans are not sufficiently realised in the timescale envisaged. Our business plans require significant and steady growth of revenues and net earnings from our Alternative Risk Premia and Lumrisk offerings over the next twelve months and beyond in order to generate the cash flows required to meet our obligations.

2. Revenue

	Six months ended 30 June 2016 USD 000	Six months ended 30 June 2015 USD 000
Management fees	8,591	14,557
Performance fees	284	4,629
Advisory and other fees	771	570
Total revenue	9,646	19,756

3. Referral fee expense

Referral fee expenses comprise third party commissions for client introductions and on-going client service, and some specific rebates to clients of the underlying Gottex funds.

	Six months ended 30 June 2016 USD 000	Six months ended 30 June 2015 USD 000
Management fees	745	1,511
Performance fees	85	754
	830	2,265

4. Segmental analysis of results

Revenue from investment management services and assets under management ('AuM') can be and are categorised by strategy, fund type and asset class. In addition the structured products group, GSP, undertakes negotiation and structuring of competitive leverage and liquidity contracts with leverage and liquidity providers, as well as the structuring of investment products.

Although gross revenue is reviewed in detail by revenue source, internal financial reporting and performance monitoring and measurement is not further segregated below this revenue level for use in the business. The chief operating decision maker, which is considered to be the Executive Management Committee, reviews the results, costs, assets and liabilities on a Group basis. Accordingly, all significant decisions are based upon the analysis of the Group as one segment. Therefore the Directors have concluded that there is one operating segment within the meaning of IFRS 8 Segment Reporting and the financial results of this segment are equivalent to the results of the Group as a whole.

5. Operating costs

	Note	Six months ended 30 June 2016 USD 000	Six months ended 30 June 2015 USD 000
Personnel expenses before acquisition-related charges and restructuring charges		**6,846**	13,683
Personnel expenses: acquisition-related charges		**-**	455
Total Personnel expenses	6	**6,846**	14,138
General and administrative expenses before acquisition-related charges and restructuring charges		**5,161**	6,771
General and administrative expenses: acquisition-related charges		**129**	1,068
General and administrative expenses: restructuring charges		**-**	-
Total General and administrative expenses		**5,290**	7,839
Marketing and representation services		**238**	672
Acquisition related charges		-	10
Operating Costs from operations		**12,374**	**22,659**

6. Personnel expenses

	Note	Six months ended 30 June 2016 USD 000	Six months ended 30 June 2015 USD 000
Wages and salaries		**6,346**	11,959
Social security expenses (including defined contribution pension expenses)		**664**	356
Net pension (credit)/cost		**(194)**	500
Share-based payments	18	**(271)**	556
Sundry personnel expenses		**301**	767
		6,846	14,138

Net Pension (credit)/cost

The decrease in net pension is mainly due to curtailment of expenses as per IAS 19.

Share-based payments

The decrease in share-based payments is mainly due to performance conditions not achieved resulting in a reversal of the charges related to those share-based payments.

7. Finance income

	Six months ended 30 June 2016 USD 000	Six months ended 30 June 2015 USD 000
Movement in value of put option liability	–	543
Other interest	71	69
	71	612

8. Finance cost

	Six months ended 30 June 2016 USD 000	Six months ended 30 June 2015 USD 000
Interest payable on loans (including loans from related parties)	124	178
	124	178

9. Net gain/(loss) on financial assets

The net gain/(loss) on financial assets designated at fair value through profit or loss is analysed as follows:

	Six months ended 30 June 2016 USD 000	Six months ended 30 June 2015 USD 000
HSG	143	–
Manlung	14	–
GFMH ABL	74	(120)
Other investments	(6)	30
	225	(90)

10. Income tax (credit)/charge

	Six months ended 30 June 2016 USD 000	Six months ended 30 June 2015 USD 000
Current tax – current year	(10)	(140)
Current tax – prior year	12	17
Current tax	2	(123)
Deferred tax – current year	53	(29)
Deferred tax	53	(29)
Total	55	(152)
Effective group tax rate	(1.7%)	3%

The effective tax rates of the Group for the six months to 30 June 2016 and the six months to 30 June 2015 have been affected by the non-recognition of various trading losses within the Group for accounting purposes.

11. Loss per share

Basic loss per share is calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share is calculated by dividing the net loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Loss and loss per share

	Six months ended 30 June 2016 USD 000	Six months ended 30 June 2015 USD 000
Net loss attributable to ordinary equity holders of the parent for basic and diluted loss per share	(3,504)	(4,956)
Basic and diluted loss per share	(0.08)	(0.11)

Shares

	Six months ended 30 June 2016 000	Six months ended 30 June 2015 000
Weighted average number of ordinary shares (excluding treasury shares) for basic loss per share	45,187	44,325
Adjustments for dilutive potential ordinary shares	-	-
Weighted average number of ordinary shares (excluding treasury shares) for diluted loss per share	45,187	44,325

Potential ordinary shares are treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. The expected effects for the period ended 30 June 2016 and 30 June 2015 of the Group's potential ordinary shares would be anti-dilutive and therefore have been excluded from the calculation above.

12. Goodwill

	Total USD 000
Cost	
At 1 January 2016	21,135
Acquisition of subsidiaries	-
Translation differences	-
At 30 June 2016	21,135
Impairment	
At 1 January 2016	-
Impairment in period	-
Translation differences	-
At 30 June 2016	-
Net book value at 30 June 2016	21,135
Net book value at 31 December 2015	21,135

12. Goodwill (Continued)

Impairment testing

Management reviewed the goodwill balance in relation with the EIM acquisition for indicators of impairment. No such indicators were identified.

13. Financial investments

Financial investments consist principally of investments in strategic partners, common shares and Gottex funds, mainly in market neutral and asset based funds and all are recorded at fair value through profit or loss. Fair value of investments in strategic partners and common shares is determined using a discounted cash flow value at the date of the reporting. Fair value of Gottex Funds is determined by management based on the net asset value of the Group's investments, as communicated by the managers or independent administrators of the investment funds. The revaluation of such investments is presented within note 9.

	USD 000	USD 000
Fair Value		
At 1 January 2015		4,889
Additions - Investments in connection with the Penjing disposal	1,618	
Additions - Investments in HSG	2,711	
Additions - Other	100	
Additions - total		4,429
Disposals		(3,126)
Revaluation to fair value		(238)
Translation differences		-
At 31 December 2015		**5,954**
Disposals		(116)
Revaluation to fair value		118
Translation differences		-
At 30 June 2016		**5,956**

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- those involving inputs (other than quoted prices in active markets for identical assets or liabilities) – Level 1;
- that are observable for asset and liability, either directly (as prices) or indirectly (derived from prices) – Level 2; and
- those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

– Level 3.

	30 June 2016 USD 000			31 December 2015 USD 000		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Financial investments	341	5,615	5,956	463	5,491	5,954

13. Financial investments (Continued)

The reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the six months ended 30 June 2016 and the year ended 31 December 2015 is as follows:

	30 June 2016 USD 000	31 December 2015 USD 000
Balance at 1 January	5,491	1,777
Net profit/(loss) in year, shown in the income statement	124	(272)
Additions	-	4,338
Disposal at fair value	-	(352)
Balance at the end of the period	**5,615**	5,491

There were no transfers between Level 2 and Level 3 in the periods ended 30 June 2016 and 31 December 2015.

14. Trade debtors and other receivables

	Note	30 June 2016 USD 000	31 December 2015 USD 000
Current receivables			
Trade debtors		2,004	2,609
Total trade debtors		2,004	2,609
Amount due from related parties	19	255	246
Other debtors		2,206	2,217
Prepayments and accrued income		1,458	960
Total other receivables		3,919	3,423
Non-current receivables			
Other receivables		132	371
Total trade debtors and other receivables		6,055	6,403

15. Trade creditors and other payables

	Note	30 June 2016 USD 000	31 December 2015 USD 000
Current liabilities			
Trade creditors		**2,743**	3,776
Total trade creditors		**2,743**	3,776
Amount due to related parties	19	**4,833**	5,084
Other tax and social security		**562**	1,349
Other creditors		**4,841**	6,371
Accruals		**3,470**	3,514
Total other payables		**13,706**	16,318
Total current liabilities		**16,449**	20,094
Non-current liabilities			
Amounts due to related parties	19	-	4,011
Other creditors		**2,718**	-
Retirement benefit liability		**3,955**	3,210
Accruals		-	20
Total non-current liabilities		**6,673**	7,241
Total trade creditors and other payables		**23,122**	27,335

16. Contingent assets, liabilities and capital commitments

The Group had no contingent assets, contingent liabilities or capital commitments at either of the reporting dates, other than those described below:

Taxation

The Group has legal entities and operating presence in different jurisdictions, each of which has different tax regimes. As the Group evolves, it is exposed to contingent liabilities relating to various different taxes. It is possible that the tax authorities in any jurisdiction may make assessments contrary to the tax positions taken by the Group. Agreement with the tax authorities in such a situation would then be subject to negotiation based on the facts, circumstances and applicable tax law, as a result of which the Group may agree to renounce some contingent tax assets and/or to pay additional taxes. The possible assessments of the various tax authorities are largely uncertain and it is not possible to quantify the likely outcome of any subsequent negotiations or the timing of any related settlements.

Contingent liabilities at 30 June 2016 which are considered possible, but not probable, of crystallisation are not quantifiable.

Conciliation

In July 2016 a conciliation was requested by a former advisory client of Gottex fund management Sàrl in connection with losses that the client had incurred in 2008. A contingent liability is considered possible, but not probable. A quantification is not possible at this stage.

17. Capital

a) Allotted and fully paid capital

	30 June 2016		31 December 2015	
	Number of shares	Nominal value CHF 000	Number of shares	Nominal value CHF 000
Ordinary shares @ CHF 1.00 each	48,502,184	48,502	48,502,184	48,502

18. Share-based payments

	Six months ended 30 June 2016 USD 000	Six months ended 30 June 2015 USD 000
Share-based payment reserve in equity		
At 1 January	**9,576**	10,418
Recognised in the income statement – share-based payments	**(271)**	647
Recognised in the income statement – share-based payments relating to acquisitions	**-**	(91)
Recognised in the income statement – other	**(271)**	556
Reclassification/utilisation during the year	**(596)**	(1,362)
At 30 June	**8,709**	9,612

Employee Benefit Trust ("EBT")

In 2007, the Company established an EBT in order to benefit all employees of the Group companies. The trustee of the EBT is RBC cees Trustee Limited.

At 30 June 2016, the EBT held 1,133,670 shares (31 December 2015: 3,366,789 shares) in GFMH which had a fair market value of USD 0.4 million (31 December 2015: USD 1.8 million). The market price per share at 30 June 2016 and 31 December 2015 was USD 0.34 and USD 0.54 respectively.

19. Related party transactions

The analysis of the related party balances is shown below:

	At 30 June 2016 USD 000	At 31 December 2015 USD 000
Current assets		
Related party debtors	**255**	246
	255	246
Current liabilities		
Loans due to shareholders relating to the EIM transaction	**-**	(1,521)
Credit facility	**(757)**	(2,008)
Loans due to shareholders	**(3,274)**	(1,500)
Other related party creditors	**(802)**	(55)
	(4,833)	(5,084)
Non-current liabilities		
Loans due to shareholders relating to the EIM transaction	**-**	(1,979)
Loans due to shareholders	**-**	(2,032)
	-	(4,011)
Total liabilities	**(4,833)**	(9,095)
Total net related party balances	**(4,578)**	(8,849)

Within the related party creditors are loans of USD 4.0 million payable to the one major shareholder, Joachim Gottschalk & Associates Ltd ("JGA") and an entity under the common control of JGA, of the Company.

The loans are repayable as follows:

	Rozel		JGA	
Repayment schedule	Loans due to shareholders relating to the EIM transaction USD 000	Credit facility USD 000	Loans due to shareholders USD 000	Credit facility USD 000
1 November 2016	-	-	1,243	757
31 March 2017	-	-	2,031	-
	-	**-**	**3,274**	**757**

Loans due to shareholders relating to the EIM transaction (payable to "Rozel")

At 31 December 2015, USD 3.5 million of the loans related to the completion of the EIM transaction in September 2014. The consideration for EIM was entirely in Company's shares, there was no cash consideration. These loans related to the settlement of liabilities associated with EIM real estate. Interest was payable on the outstanding loans annually in November, charged at +2.5% per annum. Consequently, the liability was reclassified to equity at 30 June 2016.

On 23 June 2016, the full amount was agreed to be converted into 10,430,115 shares (Note 20) that were delivered on 5 July 2016.

Credit facility

In 2015, each of Rozel trustees (Channel Islands) Limited ("Rozel") and JGA granted a credit facility to the Company of USD 2,5 million, a total of USD 5,0 million.

On 23 June 2016, the credit facility of USD 1.3 million payable to Rozel was agreed to be fully converted into 3,612,156 shares (Note 20) that were delivered on 5 July 2016. The loan was reclassified to equity at 30 June 2016.

At 30 June 2016 the loans drawn down under these facilities totalled 0.8 million and are repayable in full by 1 November 2016. Interest is payable quarterly, charged at 2.5% + 3 month LIBOR per annum.

19. Related party transactions (Continued)

Loans due to shareholders

The loans due to shareholders comprise specific loans payable to JGA and an entity under common control of JGA of USD 3.3 million.

Interest is charged at 2.5% per annum, payable quarterly. During the six months ended 30 June 2016, USD 0.3 million of the loans outstanding at 31 December 2015 were repaid.

Other related party balances are related to amounts due to/from Key Management personnel.

20. Subsequent Events

Capital Increase

At a board meeting on 4 July 2016, the Directors approved the issue of 36,993,463 new ordinary shares pursuant to an authority granted to them by shareholders at the Annual General Meeting held on 22 June 2016. Such shares, which were issued at CHF 0.34 per share, rank pari passu in all respects with the existing ordinary shares.

Of the new shares issued, 20,655,663 shares were issued for cash raising approximately CHF 7.0 million. A further 2,295,529 shares were issued in satisfaction of USD 0.8 million payable to two third party marketing agents and 14,042,271 shares (Note 19) were issued to Rozel (Channel Islands) Limited, a major shareholder, in satisfaction of the various loans then owed to them.

This recapitalisation of the Company was undertaken to provide additional working capital, to allow the Group to further invest in its core business and to strengthen the balance sheet. The Company incurred certain transaction costs of USD 0.3 million in relation to the recapitalisation which, at 30 June 2016, have been accounted for as other receivables but which, at 4th July, the date of the capital increase, were reclassified against equity.

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