ANNUAL REPORT
& FINANCIAL STATEMENTS 2016

GLOBAL EXPERTISE IN ASSET MANAGEMENT

LumX Group Limited

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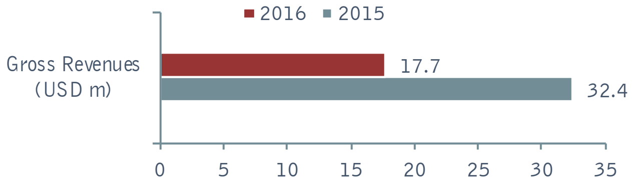
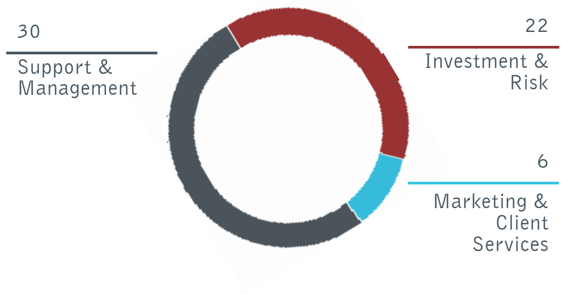
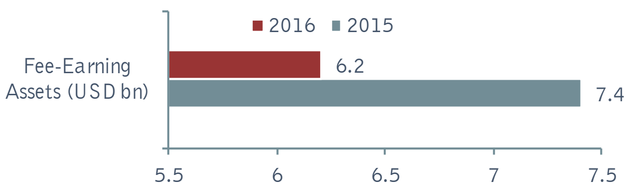
THIS IS LUMX

Innovation in Asset Management and Risk Services

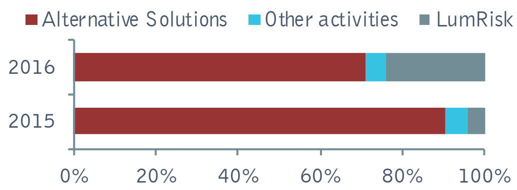


Distribution of people by function[1]





Fee-earning assets - Breakdown by business



LumX Group

LumX Group (ticker: LUMX) is an alternative investment specialist focused on bringing leading investment and risk management solutions to our primarily institutional client base.

LumX offers a full suite of products and services focused primarily on hedge funds and alternative risk premia (ARP). ARP are liquid and transparent instruments that profit from exposures to the systematic market risk factors that comprise a significant portion of hedge fund returns.

LumX Asset Management has built its business over many years by applying a highly structured and rigorous investment approach to the task of selecting individual investments and assembling them into customised portfolios that address the specific objectives and constraints of our clients.

LumRisk SA, an independent Swiss Fintech company and group subsidiary, provides state-of-the-art risk aggregation, analysis and reporting services across entire portfolios, including traditional and alternative asset classes, to institutional investors.

We have a deeply ingrained culture of continual improvement of our investment and research processes, operations, and IT infrastructure. We are at the forefront of initiatives to obtain greater transparency from underlying managers and, through development of sophisticated risk management tools, we seek to improve our ability to tailor investment programs based on current exposures rather than statistical analysis of historical track records. We are recognised as an industry pioneer in this regard and continue to refine and improve our ability to obtain and effectively use a high degree of transparency on the underlying factors and risks in each of our portfolios.

The significant investments in our technology platform, and development of new tools and approaches in our ARP research has led to a natural cross-fertilisation of ideas on the optimal solutions and instruments available to our investment team covering traditional, multi-asset, and hedge fund strategies.

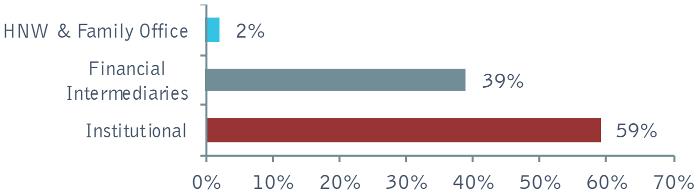
[1] The staff figures are an average full time equivalent number of employees, excluding the four non-executive Directors of the Group.

THIS IS LUMX CONTINUED

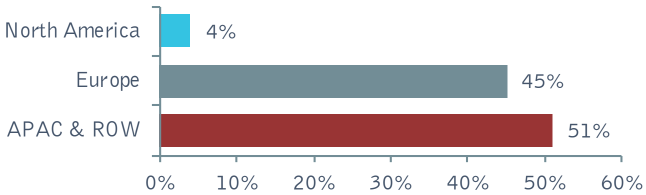
A history of innovation and bespoke client solutions

Proprietary risk management approach focusing on risk factor exposure

Client profile by type[1]



Client profile by region[1]



Asset Management

Our core competence is the construction and management of complex multi-asset, multi-strategy alternative portfolios for institutional investors, and the associated risk management of such portfolios. This construction is based on highly structured and rigorous research and portfolio management processes, a high level of fiduciary commitment, and exceptional infrastructure.

LumX Asset Management has been at the forefront of development and management of innovative alternative investment programs for over 25 years. Our business includes:

Discretionary management and advisory services on customised alternative investment programs and commingled funds.

Private client wealth management on traditional and multi-asset portfolios

A dedicated, independent managed account platform, which provides improved governance, segregation of assets, and enhanced transparency

Our active management approach seeks to strike the optimum balance between the expertise and experience of our research team and systematic management techniques. Capital allocation decisions benefit from a rigorous investment process and extensive transparency platform.

Tailored turn-key service is a central pillar of our business. Our services cover all aspects of a client's investment program set-up on a bespoke basis, including legal and structuring, service providers, risk monitoring and management, and comprehensive tailored reporting. Individual parameters are agreed with each client, reflecting specific objectives and constraints for their portfolio, defined either on a stand-alone basis or in relation to the target behaviour, diversification and tail-hedging characteristics in the context of their broader asset and liability mix.

Our relationship with underlying managers and ARP providers is built on a deep understanding of how complex strategies are designed and implemented. This allows our investment team to regularly challenge both hedge fund managers and ARP providers on industry best practices and strategy implementation, and to propose customised solutions for our clients' portfolios.

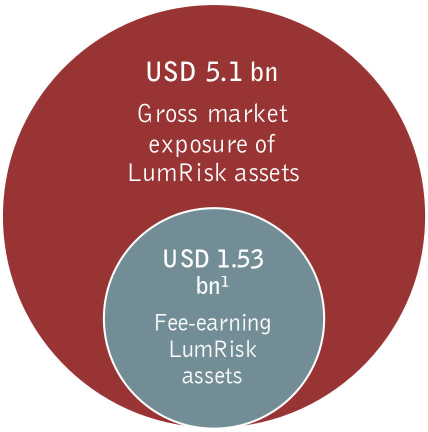
Our clients are primarily institutional, with sovereign investors, government agencies, public and corporate pension funds, banks, insurance companies, and endowments representing 65% of fee-earning assets as at 31 December 2016.

[1] Based on management estimates as at 31 December 2016.

Portfolio risk reporting, aggregation and stress testing

Web-based user-friendly interface & extensive database coverage

Independent aggregator of multi-provider risk premia



Risk Services

LumRisk SA is at the forefront of the fintech revolution taking place in the asset management industry, providing cutting-edge risk aggregation, analysis and reporting services to institutional clients, not only at the portfolio and asset level, but also at the underlying manager and individual security levels.

LumRisk's core focus is on producing a comprehensive view of each client's consolidated exposures and risks based on accurate risk modelling of each underlying instrument held across their portfolio(s) covering all asset classes, both traditional and alternative. LumRisk offers investors a web-based, interactive interface that employs powerful visualisation techniques, allowing decision makers to answer any risk or performance related question about their portfolio(s) at the click of a button.

Complementing its extensive coverage and analysis of traditional and alternative asset classes, LumRisk has expanded its services in response to the growing demand from institutional investors with exposure to alternative risk premia (ARP). LumRisk's long experience modelling hedge fund risk and return drivers gives it a unique advantage in accurately analysing the complexities of ARP instruments offered by different providers. LumRisk has invested heavily in Its technology infrastructure, and now boasts one of the most extensive independent multi-provider ARP databases in the industry. This universal ARP platform allows the LumRisk team to regularly obtain information on the underlying positions and individual securities in each client's portfolio. Based on this expertise, LumRisk is one of the few players to propose enhanced reporting on portfolios combining both hedge funds and ARP with traditional assets.

LumRisk's services have been selected by some of the largest and best-known pension funds, asset managers, and investment banks in the world. Considering the notional value of the underlying ARP instruments, including leverage, LumRisk reports on risk exposures of approximately USD 5.1 billion as at 31 December 2016, estimated at 5-10% of the overall market.

Designed from the point of view of an asset allocator, the LumRisk platform more accurately reflects current risks, which can be updated daily, than the traditional return-based or exposure-based approaches. This helps asset allocators enhance, reduce or optimise their risks where appropriate. Reporting can be tailor-made to each individual client's needs.

[1]This figure represents the fee-earning value of client mandates. When taking account of the notional value of the underlying instruments that some investors have in place directly with their banks, it represents gross exposure of approximately USD 5.1 billion of assets. LumRisk fee-earning assets displayed above exclude LumX-managed assets where risk reporting services are provided.

CHAIRMAN'S STATEMENT

Arpad Busson
Executive Chairman

Dear Shareholders,

2016 marked a turning point for our organisation. Over the past two years, our company has faced major challenges. In addition to the complexities of merging the activities of two major players in the alternative investment space, and then refocusing the combined group on its core strengths through the spin-off of non-core businesses and management changes, we were also faced with other serious legacy issues at the Gottex Group including the settlement of an arbitration proceeding that had been in progress since 2007. In 2016, most of the individual legacy issues were finally resolved. I am grateful for the tireless determination of our Board, management and staff. One of the major achievements of the group as of April 25, 2017 is that we have reduced the total outstanding debt by 79% since the end of 2015.

Our asset management activities have also faced continued headwinds in attracting and retaining assets, with redemption demands on some of our portfolios due to lower market appetite for hedge funds and multi-manager products, and overall industry underperformance. Despite these continuing pressures and loss of revenues, we are confidently entering a promising new phase in our corporate history, anticipating growth in all areas of our business; hedge funds, multi-asset, alternative risk premia, and risk management services.

To mark this new departure, and to underscore that the talents and energies of two different organisations are today fully united in a common purpose and clear ambition, we have chosen a new name for our group and our various local subsidiaries, LumX.

The name LumX is rooted in our deeply held belief that transparency (Lum for lumière) is fundamental to implementing investment decisions, and must rest on a clear and reliable understanding of the underlying exposures and risk drivers. Also, the trust of our clients is won and kept through transparency. Our investment approach is highly rigorous, based on structured processes and unique infrastructure applied by a highly talented and motivated team, operating within a clear risk framework, to produce effective, and replicable investment outcomes. Such an approach addresses the needs of the most sophisticated investors, where enhanced understanding and control of the performance and risk drivers in their portfolio are essential.

Strengthening the Group with fresh talent and capital

2016 saw us reinforce our investment team and bolster our quantitative and development capabilities with the hiring of highly qualified professionals. There were also changes at the Board level, with Mr. Edgar Brandt joining as a Non-Executive Director and Chairman of the audit committee, replacing David Staples, who stepped down after many years of service. Mr. Michael Garrett, who has also been a Non-Executive Director since 2007, will be leaving us at the next AGM. I would like to thank both for their vision, confidence, and trust during challenging times, Mr. Garrett will be replaced by Mr. Philippe Jacquemoud whose nomination to the Board will be proposed at the AGM.

A key milestone during 2016 was the successful recapitalisation of the Group in two tranches, in which Rozel Trustees and I participated. The first tranche of CHF 7.0 million of fresh capital was raised in July, with contributions from new and existing shareholders, and CHF 5.5 million of liabilities converted into equity, including approximately CHF 4.7 million of loans from Rozel Trustees. Another CHF 6.2 million of equity capital was raised in November. As well as strengthening our balance sheet and allowing us to pay down 63% of our outstanding debt by the end of 2016, and 79% by April, 25 2017 - a major milestone in restoring our financial position - this exercise brought on-board several long-term institutional and high net-worth investors who have experience in corporate turn-around situations and share our vision of becoming a leading provider of innovative investment and risk management solutions. I wish to take this opportunity to thank our shareholders for their patience, commitment and confidence in our Group.

Group Financials

Throughout the year, management continued with the execution of the strategic decision to refocus on our core strengths and divest from non-core activities, which resulted in the disposal of Frontier Investment Management, and the sale of our joint venture stake in ERG Asset Management LLC. We continued to reduce our cost base; operating costs of USD 23.0 million for 2016 were down 41% compared with December 2015, and 49% compared with the first six months of 2015 on a run-rate basis. These decisions had a short-term impact on revenue streams, which were USD 17.8 million in 2016, but we believe that the realignment towards our core competences is leading to longer-term growth prospects and we are already seeing green shoots. Excluding exceptional items, such as approximately USD 0.5 million of legal and professional expenses relating to the restructuring and recapitalisation, and an income tax charge of USD 0.6 million the Group generated an adjusted loss of USD 6.9 million for the year. The net loss for 2016 was USD 7.9 million.

Looking to the Future

Today, the LumX Group consists of two distinct but complementary businesses - Asset Management, and Risk Management Services – which are dedicated to the development of innovative solutions to cater for the sophisticated demands of our predominantly institutional client base. Both initiatives share a common culture of continual improvement through constant re-assessment and renewal of processes, tools, talent and technology, including the increasing use of artificial intelligence.

Our expertise in constructing and managing tailor-made, multi-strategy, multi-asset alternative portfolios in response to the bespoke objectives of each client remains at the heart of our business. By transferring the skills and expertise built up over 25 years of analysing the underlying factors driving hedge fund performance, we are also successfully positioning the Company to become a leading player in the alternative risk premia (ARP) market. Our multi-factor ARP solutions can provide exposure to carefully constructed stand-alone ARP portfolios, or can be managed specifically to provide a complementary component within a broader multi-asset context, diversifying portfolios of traditional assets, hedge fund overlays, or a mix of both.

Our rigorous ARP selection process, independence, fiduciary management experience, and multi-provider approach is well-received by large asset allocators in this growing market segment, currently dominated by a handful of investment banks.

Our risk management services are led by LumRisk SA, a Swiss fintech company and fully owned Group subsidiary. LumRisk has developed a unique offering in providing risk aggregation, reporting and advisory services across all asset classes through daily position-level transparency. It has been selected by some of the leading institutional investors including financial institutions, pension funds, and investment banks to provide detailed and customised risk aggregation and reporting services, on individual allocations or entire portfolios, across various asset classes including ARP, hedge funds, and traditional assets. LumRisk is proving to be the leading driver of growth for the Group and we have actively strengthened the core team with key hires throughout the year.

We have made significant investments and upgrades to improve our technology platform, enhance our research capabilities, and upgrade our disaster recovery capabilities to state-of-the-art facilities, supporting our new infrastructure which is increasingly taking advantage of cloud-based technology. This allows LumRisk to scale up its capacity to deliver highly complex analyses on massive data sets with a timely response to many simultaneous users. The improvements also empower our investment and risk services teams with the cutting-edge quantitative tools required to consolidate and analyse a large and diverse range of complex instruments on behalf of our clients.

2017 and beyond

Our focus in 2017 will be to further develop our asset management and risk services initiatives as follows:

> Responding to new trends and evolutions in the hedge fund industry, where multi-factor strategy allocations mixed with artificial intelligence and advanced quantitative analysis is a key generator of alpha, enhancing the risk/return profile of portfolios.
> Grow dedicated and hybrid ARP mandates, where we are seeing growth potential.
> We expect LumRisk to continue to be a significant driver of growth as it is in active discussions with several ARP providers to provide comprehensive risk reporting services to their client base.
> Reinforcing our multi-asset business. Since January 2017 over USD 100m of fresh assets have been raised.
> We plan on redomiciling our platform of segregated managed accounts in Dublin and expanding its services to external investors, who benefit from the existing infrastructure and expertise, improved governance, and enhanced transparency on their underlying alternative investments.

A lot of progress has been achieved in the past 12 months as legacy issues were dealt with and the Company restructuring was implemented. I wish to acknowledge the tremendous efforts of the Board of Directors, management, and of course our staff, who remain our greatest asset. Our industry is evolving in response to changing investor demands and expectations with regards liquidity, costs and risk management. Challenges remain in attracting and retaining assets under management in our traditional multi-manager activities but the necessary efforts we have made in refocusing our business and developing our ARP and LumRisk initiatives is generating potential for new revenue streams. I am very encouraged by the prospects of the Company and, while remaining vigilant, believe that we are well-positioned to capture the opportunities which are emerging due to these trends.

Arpad Busson
Executive Chairman

CHIEF FINANCIAL OFFICER'S REVIEW

Pierre Udriot
Senior Managing Director,
Chief Financial Officer

2016 has been a year marked by difficult moments during which the Company struggled to complete its restructuring programme, as the legacy of 2015, including the settlement of an arbitration proceeding with two third party marketers that had been in progress since 2007, considerably delayed our strategy and created an additional strain on our resources. Exceptional costs in 2016 in connection with the various negotiations, legal fees, and due diligence requirements associated with the ongoing restructuring and recapitalisation, led to a charge of over USD 0.5 million. Despite these headwinds, the Company successfully completed its recapitalisation in two separate tranches, in July and November 2016, brining USD 13.2 million of fresh capital, and converting USD 5.5 million of existing debts of its main shareholder into equity. The Company is proud to now have among its shareholders institutional and highly reputable investors, demonstrating confidence in our strategy.

The Company has invested over USD 1.5 million in further developing the IT infrastructure and quantitative tools relating to our alternative risk premia initiative, and specifically LumRisk SA, a Swiss fintech company and wholly owned Group subsidiary. This ongoing investment was a critical factor in LumRisk successfully signing a significant contract with one of the leading investment banks in Q3 2016, with additional mandates anticipated in 2017 which should result in revenue growth, justifying the appropriate financial efforts made over the last year.

Personnel expenses continued to fall as part of our strategic decision to refocus resources on our core activities, and were USD 11.9 million for the year ended December 2016, representing a reduction of 50%. However key hires were made to strengthen our core investment and risk management team. The Company employed 58 professionals at year-end,

Group results

The Group made a net loss of USD 7.9 million in 2016 (2015: USD 17.9m). The results were impacted by USD 0.5 million of various legal and professional costs relating to the two recapitalisation tranches and ongoing restructuring efforts.

Revenues

Our revenues are principally composed of fee income, comprising mainly management fees, performance fees, advisory, and other fees. In 2016, LumRisk its first contract with a highly reputable global investment bank, generating fees of USD 0.3 million.

Management and performance fees

Management fees represent a significant recurring revenue stream for the Group, which is relatively predictable and sustainable because it does not directly depend on investment performance. In most cases, management fees payable by a fund or mandate are calculated based on the average AuM during the measurement period. Management fees are generally payable monthly or quarterly in arrears and are recognized in the month when earned, with fees earned but not paid reported as trade receivables in the statement of financial position.

Management fees decreased by 39.2% to USD 16.4 million from USD 27.0 million in 2015. This decrease should be viewed in the context of the Group's decision dispose of non-core businesses which contributed approximately USD 4.0 million of management fees in 2015. In excluding these businesses, the decrease in management fees in 2016 is 28.7%, due primarily to a decrease in assets under management.

The level of performance fees generated in 2016, USD 0.3 million, was low compared to USD 4.3 million in 2015, of which USD 2.3 million were deferred performance fees from previous years that were released to the consolidated income statement in 2015. The performance fees earned in 2016 are deferred performance fees that were earned in 2014 but not payable until 2016.

LumRisk Fees

Over the last two years, the group has significantly invested in its subsidiary, LumRisk, which delivers comprehensive risk aggregation and reporting services to institutional clients. These efforts have led LumRisk to sign its first significant contract in 2016 and generated fees for USD 0.3 million. The Group is expecting LumRisk to generate significant revenue streams in 2017 and forthcoming years.

Variable Costs

The Group pays referral fees to third parties for client introductions and ongoing client service, and pays certain rebates on management and performance fees to specific clients. For the year 2016, these rebates represent 11.0% of the management fees earned.

Net Revenues and net revenue margin

Revenues, net of variable costs, were USD 16.0 million, down 48.5% compared to USD 31.1 million the previous year.

Operating costs from operations

Total operating costs declined by USD 15.9 million (40.9%) in 2016, to USD 23.0 million, down from USD 39.0 million in 2015. Personnel expenses totalling USD 12.1 million (2015: USD 23.0 million) made up 52.7% of our operating expenses in 2016 (2015: 58.9%). The significant portion of overall cost reductions resulted from a reduction in staff, from 92 full time equivalent at 2015 year-end to 58 at 2016 year-end. The disposal of non-cores businesses contributed USD 6.5 million to the overall reduction of the operating costs.

Personnel expenses

As a result of the reduction of our staff and the disposal of non-core businesses, our personnel costs were reduced by USD 10.8 million or 47.1% from USD 23.0 million in 2015 to USD 12.1 million in 2016.

For the year 2016, no bonuses were granted in cash.

Share-based payments

For the year 2016, share-based payments generated an income of USD 0.2 million compared to an expense of USD 0.7 million in 2015. This mainly reflects awards made that have not vested either because targets were not reached or employees have since left the Company.

Pension Charges

Pension charges for the year ended 31 December 2016 show a credit of USD 0.5 million which is mainly explained by the reduction of employees and consequently the cancellation of the related liabilities under IAS 19.

Headcount

Full time equivalent headcount decreased from 92 employees at 31 December 2015 to 58 employees at 31 December 2016. The decrease resulted from planned redundancies, natural turnover and the disposal of businesses. The average number of employees over the year was 66 compared to 114 in the prior year.

General and administrative expenses

General and administrative expenses include professional and consulting fees, occupancy and equipment costs, business development expenses, information processing and other costs. This overall cost category was reduced by 31.9% to USD 10.9 million. Significant efforts have been made by the Company to reduce its administrative costs during the year which is an important focus for management. However, the company was hit during the year 2016 by significant non-deductible professional fees in relation to the capital increase. These costs are estimated at USD 0.5 million for the year 2016.The Group is continuing to maintain a strict control of its costs in 2017.

Net finance income

The net finance income is mainly made by dividends received from investments (HS Group) or Associate (2PM Monaco) which generated dividends of USD 0.3 million. The finance costs of USD 0.2 million mainly relates to the cost of loans from shareholders (see note 27).

Loss on disposal of business

The loss on disposal of business of USD 0.2 million refers to the disposal of Frontier which was classified in Assets/ Liabilities held for sale in 2015. The sale was completed on March 1, 2016. The net loss was classified in this caption.

Taxation

The overall tax charge was USD 0.5 million for the year ended 31 December 2016 (2015: tax credit of USD 0.1 million), made up of current years' taxes of USD nil and deferred taxes of USD 0.5 million in relation to the financial investment value.

Non-controlling interest

Losses attributable to non-controlling interests amounted to USD 0.1 million (2014: USD 0.7 million).

Loss per share

The basic and diluted loss per share for the year was USD 0.12; (2014: loss of USD 0.38. 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 effect of the Group's potential ordinary shares would be anti-dilutive and therefore have been excluded from the calculation for the year ended 31 December 2016 and 31 December 2015.

CHIEF FINANCIAL OFFICER'S REVIEW CONTINUED

Balance Sheet

The Group has goodwill and intangible assets relating to investment management contracts of USD 24.9 million (USD 25.8 million) on its balance sheet, which forms 58.5% (2014: 56.0%) of total assets. Among the intangible assets, the Group has capitalised intangible assets in 2016 of USD 0.3 million in relation to the investment made in LumRisk. Such investments will continue in 2017 and we expect to capitalise additional assets in 2017 for LumRisk.

Net current liabilities of the Group are USD 0.5 million (2014: USD 11.8 million) and total equity is USD 28.6 million (2015: USD 18.1 million) which represents a significant improvement compared to last year.

The current liabilities include USD 2.0 million of loan repayments due by 31 March 2017 (see note 27) and USD 1.7 million due third party marketing agents in relation to the settlement of an arbitration procedure that began in 2007 (see Note 28).

Included within non-current liabilities is a retirement benefit liability of USD 3.0 million (2014: USD 3.2 million), relating to the Group's pension funds in Switzerland. Under IAS 19R, the Group is required to record this retirement benefit liability, but there is no commitment by the Group or any subsidiary company to provide any financial assistance to support any pension liabilities and all pension funds are reinsured and managed by Swiss Life. The non-current liabilities also include the remaining amount of USD 1.7 million due in 2018 relating to the settlement of the arbitration proceeding.

The Group significantly reduced its debt from USD 14.5 million in 2015 to USD 5.4 million in 2016, and as of 25 April 2017, debt has been further reduced to USD 3.0 million.

Shareholder equity and recapitalisation

At 31 December 2016, the issued share capital is made of 105,497,667 shares (2015: 48,502,184 shares). During the year, the Company successfully completed two capital increases in July and November 2016 for respectively 36,993,463 at CHF 0.34 and 20,000,000 at CHF 0.31 of news shares issued. In total, USD 5.5 million of loans were converted into equity and USD 13.0 million of fresh money was raised (net of costs). Further details are described in Note 24.

At an EGM held on 30 December 2016, shareholders approved to reduce the nominal value of the shares from CHF 1.00, CHF 0.34 and CHF 0.31 respectively, to CHF 0.10 to eliminate previous losses from the Company's balance sheet. Under Guernsey law, the nominal value has less significance than under Swiss law, as shares can be issued with or without nominal value. There was no impact to the value of shareholders' holdings in the Company.

The Board is not proposing a dividend in the current year.

Pierre Udriot
Chief Financial Officer

LUMX BOARD & EXECUTIVE MANAGEMENT COMMITTEE

Arpad Busson Executive Chairman	Became a Non-Executive Chairman of the Company in 2014 and Executive Chairman in 2015. Mr. Busson was the founder of the EIM Group, which was acquired by the Company in 2014. Mr. Busson is a founding member of the Alternative Investment Management Association.
Tiberto Ruy Brandolini D'Adda Non-Executive Director	Became a Non-Executive Director in April 2015. Mr. Brandolini d'Adda currently serves as Chairman of Exor S.A. (Luxembourg) and is also a member of the Board of Directors of YAFA S.p.A.
Edgar Brandt Non-Executive Director	Became a Non-Executive Director on the 30 December 2016. Mr. Brandt spent 17 years with Arthur Andersen and was Managing Partner for Switzerland from 1996 until the dissolution of the group in 2002.
Michael Garrett Non-Executive Director & Senior Director	Became a Non-Executive Director of the Company in 2007. Mr. Garrett retired from Nestlé SA as Executive Vice President in 2005.
Christopher Preston Non-Executive Director	Became a Non-Executive Director of the Company in 2014. Mr. Preston is a principal of Preston Capital Partners, providing consultancy services to private and institutional clients.
Kevin Maloney Non-Executive Director	Served the Company from September 2003 until December 2016, when he stepped down as Co-Chief Investment Officer to return to academia. Previously Mr. Maloney was a Managing Director at Putnam Investments, in the areas of Product Design, Financial Engineering and Quantitative Research.
Eric Bissonnier Executive Director, Chief Investment Officer	Joined the Company in 2014 when Gottex acquired the EIM Group. He was the Chief Strategist, the Chairman of the Global Investment Committee and President of the Executive Committee of the EIM Group.
Pierre Udriot Senior Managing Director, Chief Financial Officer & Chairman of the Risk Committee	Joined the Company in November 2015. Previously, Mr. Udriot spent ten years at Ernst & Young, where he was a Senior Manager specialising in the Wealth and Asset Management.
Marc Fisher Senior Managing Director Head of Asia and Middle East Sales	Joined the Company in November 2012 from FRM in Hong Kong, where he was a member of the Management Committee and Chairman of the Asia-Pacific business. Previously, Mr. Fisher was a Managing Director at Citigroup in London running the global fund-linked product business.
Sonia Bhasin-Woods Senior Managing Director General Counsel	Joined the Company in 2016 as General Counsel. Previously Ms. Bhasin-Woods was the Global Head of Legal and Compliance at Ivaldi Capital LLP.

DIRECTORS' REPORT

The Directors of LumX present their Annual Report to shareholders together with the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2016. The purpose of the Annual Report is to provide information to members of the Company. This Annual Report contains certain forward looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results to differ from those anticipated. Nothing in this Annual Report should be construed as a profit forecast. The following definitions apply throughout this report unless the context requires otherwise.

'Company' means LumX Group Limited, a limited liability company registered in Guernsey with a registered number 47547. The 'Group' means the Company and its subsidiaries and subsidiary undertakings.

Incorporation

LumX Group Limited (previously Gottex Fund Management Holding Ltd.) was incorporated in Guernsey on 15 August 2007. It operates in accordance with the provisions of The Companies (Guernsey) Law, 2008.

Principal activity

The principal activity of LumX Group Limited is investment management and advisory services, and associated risk management and reporting services on client portfolios.

Directors' responsibilities for the financial statements

The Directors are responsible for preparing the consolidated financial statements and the Group's financial statements in accordance with applicable Guernsey law and generally accepted accounting principles.

Guernsey company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the profit and loss of the Group for that year. In preparing those financial statements and the consolidated financial statements, the Directors should:

> select suitable accounting policies and then apply them consistently;
> make judgements and estimates that are reasonable and prudent; and
> prepare the consolidated accounts and the Company's accounts on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records of the Company which are sufficient to show and explain its transactions and disclose with reasonable accuracy, at any time, the financial position of the Company. Furthermore, the Directors should ensure that the Group income statement and balance sheet are prepared properly and in accordance with any relevant enactment for the time being in force.

The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results

The results of the operations of the Group for the year ended 31 December 2016 are set out in the consolidated financial statements on pages 30 and 31 of the Annual report.

The loss of the Group for the financial year ended 31 December 2016 was USD 7.9 million (2015: USD 17.9 million). Revenue decreased by 44.7% from USD 32.3 million in 2015 to USD 17.8 million in 2016.

Business review

Within this report is set out a fair review of the business of the Group during the financial year ended 31 December 2016, including an analysis of the Group at the end of the financial year, and a description of the principal risks and uncertainties facing the Group.

This information is shown at the following sections:

Business review on pages 1 to 3;
Chairman's Statement on pages 4 and 5;
Chief Financial Officer's Review on pages 6 to 8.

Dividends

The Directors do not recommend any dividend in respect of the year of 2016.

Directors

The Directors are responsible for the management of the business of the Company and may exercise all powers of the Company subject to applicable legislation and regulation, and the Company's Memorandum and Articles of Incorporation.

The names of the Directors as at the date of this report together with biographical details are set out on pages 15 and 16 of the Annual Report. The details of the Directors'

DIRECTORS' REPORT CONTINUED

interests are shown in the corporate governance report on page 22 and 23.

Employees

The Group employed 58 people as at 31 December 2016 throughout its offices located in Guernsey, Hong Kong, Nyon, London and New York.

The Group is committed to providing equal opportunity for all employees and applicants without regard to race, colour, religion, sex, sexual orientation, age, national origin, disability, veteran status, or any other category protected by law. This policy applies to all employment practices and personnel actions including advertising, recruitment, testing, screening, hiring, selection for training, upgrading, transfer, demotion, layoff, termination, rates of pay, and other forms of compensation.

Going concern

The directors consider that the Group has adequate resources to continue in operation for the foreseeable future. In reaching this conclusion the directors have recognised and considered the material uncertainties described on page 38 of the notes to the consolidated financial statements.

Secretary

The secretary of the Company for the year ended 31 December 2016 and subsequently to the date of this report was Intertrust (Guernsey) Limited.

Auditors

A resolution to re appoint EY as auditors to the Company and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Annual General Meeting

The Annual General Meeting of the Company will be held in Guernsey on 31 May 2017 at Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB at 4.30 pm, BST.

The Notice of the Annual General Meeting accompanies this report.

The report was approved by the board of Directors on 25 April 2016.

Arpad Busson
Executive Chairman

Eric Bissonnier
Chief Investment Officer

CORPORATE GOVERNANCE REPORT

General framework

LumX Group has adopted this Corporate Governance Report for the year ended 31 December 2016. Unless otherwise indicated, the information provided in this report reflects the situation at 31 December 2016.

This Corporate Governance Report explains the principles of management and control of the Group at the highest corporate level in accordance with the Directive on Information relating to Corporate Governance (the Corporate Governance Directive, RLCG) issued by the SIX Swiss Exchange ('SIX').

The principles of the Group's corporate governance are set forth in the Articles of Incorporation (the 'Articles') and the Organisational Regulations of the Board of Directors ('Organisational Regulations'). These documents will be reviewed by the Board of Directors (the 'Board') from time to time to ascertain whether they are appropriate for their purpose.

To avoid duplication of information, cross-referencing is made in some sections.

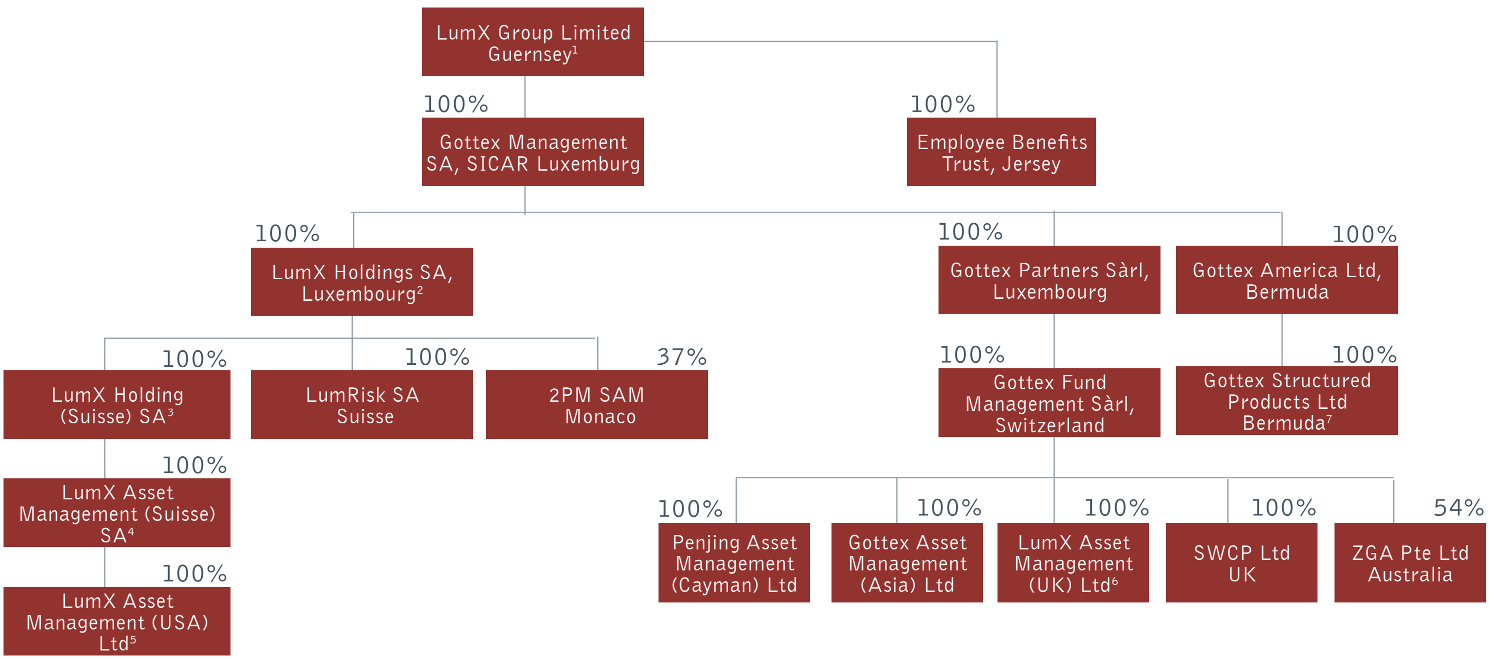
1. Group structure and shareholders

1.1 Group structure

LumX Group Limited is the holding Company of the Group and has its registered office in St. Peter Port, Guernsey. Its registered shares are listed on the SIX and are included in the Swiss Performance Index ('SPI').

At 31 December 2016, its market capitalisation amounted to approximately CHF 32.7 million (based on the closing price of its shares of CHF 0.31 on 31 December 2016).
Swiss Security Number: 3381261
ISIN: GG00B247Y973
SIX Ticker Symbol: LUMX
Common Code: 032705758

LumX Corporate Structure



[1] Formerly known as Gottex Fund Management Holdings Limited (Guernsey)
[2] Formerly known as EIM Participations Luxembourg SA (Luxembourg)
[3] Formerly known as E.I.M. Holding SA (Switzerland)
[4] Formerly known as Gottex Asset Management (Suisse) SA (Switzerland)
[5] Formerly known as Gottex Fund Management Limited (Delaware)
[6] Formerly known as Gottex Asset Management (UK) Limited (United Kingdom)
[7] In liquidation

CORPORATE GOVERNANCE REPORT CONTINUED

1.2 Significant shareholders

The following table shows the number and percentages of shareholders who held 3% or more of shares of LumX at 31 December 2016.

Name of shareholder	Number	%
Rozel trustees (Channel Islands) Limited	28,082,271[1]	26.62
Quaero Capital S.A.	11,875,981	11.26
Joachim Gottschalk & Associates Ltd	9,002,084	8.53
Alexandre Keusseoglou	8,823,529	8.36
Artemis Alpha Trust Plc	6,362,353	6.03
Kalix Fund Limited	4,032,258	3.82
Other	37,317,191	35.38
Total of shares	**105,495,667**	**100.00**

1.3 Cross-shareholdings

The Company is not aware of cross-shareholdings exceeding 3% of the capital or voting rights on both sides.

2. Capital structure

2.1 Capital structure

The Company's issued share capital at 31 December 2016 is CHF 10,549,567 divided into 105,495,667 shares of CHF 0.10 per share.

2.2 Authorised and conditional share capital

Unless otherwise provided in the Articles, the Board may issue new shares out of the authorised share capital only with the authority of a resolution of a General Meeting adopted by a simple majority of the votes cast by shareholders at a General Meeting of shareholders (the 'General Meeting').

According to the Articles, the Board has been authorised to issue new shares out of the authorised share capital as follows, without any requirement for additional approval at a General Meeting:

Article 4: General reserve of shares

In respect of any shares issued under the authority of this Article, the Directors may decide to restrict or exclude the pre-emptive subscription rights of existing members, without approval of the members in General Meeting provided that the requirements of Article 7(e) are met.

Out of the authorised and unissued share capital of the Company, the Directors may issue in aggregate up to a current maximum of 6,000,000 shares of CHF 0.10 each for any purpose in the best interests of the Company that the Directors deem fit.

Employee Share Ownership Plans

2,724,800 shares of CHF 0.10 each following due exercise of any options granted to the employees of the Company or its subsidiaries in accordance with and as further set out in one or several employee share ownership plans as may be adopted by the Directors from time to time (the "Employee Share Ownership Plans"). Please see section 2.7.

2.3 Changes in capital

As of 31 December 2016, the Company's issued share capital was CHF 10,549,567 divided into 105,495,667 shares of CHF 0.10 per share.

In September 2014, the Company issued 14,000,000 shares in respect of the acquisition of the EIM Group. 8,100,000 were delivered to Rozel Trustees (Channel Islands) Limited on issue and 5,900,000 shares were held in escrow at Bank Morgan Stanley AG, Bahnhofstrasse 92, 8001 Zurich, Switzerland until 15 January 2015, when they were delivered to Rozel Trustees (Channel Islands) Limited.

In the last quarter of 2014 the Company agreed to enter into an agreement to purchase 700,000 shares from the EBT and to cancel these shares by way of a capital reduction.

[1] This number includes 40,000 shares vested but not released.

In July 2016, 36,993,483 new shares were issued at CHF 0.34 per share in the first tranche of the Company's recapitalisation. This included 4,959,213 shares subscribed by and allocated to existing shareholders, 15,696,470 shares allocated to third party investors, and 16,337,800 allocated against set-off of existing loans and claims to creditors of the Company.

In November 2016, the Company issued a further 20,000,000 new shares at CHF 0.31 per share as part of the second tranche of its recapitalisation.

2.4 Shares

At an EGM on December 30, 2016 the shareholders approved to reduce the nominal value of the shares from CHF 1.00 to CHF 0.10 in order to eliminate previous losses from the Company's balance sheet. However, under Guernsey law, the nominal value has less significance than under Swiss law, as shares can be issued with or without nominal value. There was no impact to the value of shareholders' holdings in the Company.

Each share confers the right to one vote at the Company's General Meeting, subject to the power of the Board under the Articles to withdraw voting rights in certain circumstances and except for shares recorded in the register of members in the default nominee account of SIS SegaIntersettle AG ('SIS') which, as a result of being recorded in this account and for the period for which they continue to be so recorded, do not have any voting rights nor related rights (right to request that the Board call a General Meeting, right to put a matter on the agenda of a General Meeting, right to participate, be represented or speak at General Meetings). Each share equally entitles its holder to (i) dividends; (ii) a share of the surplus liquidation proceeds (if any) in the case of a liquidation of the Company; and (iii) pre-emptive subscription rights.

2.5 Profit sharing certificates

The Company has no profit sharing certificates in issue.

2.6 Limitation on transferability and nominee registrations

The transferability of the shares is restricted by virtue of the Articles.

2.6.1. Limitations on transferability of the shares

Transfer of the shares is effected by entry into the Company's register of members upon corresponding application of the acquirer or its nominee. Until the acquirer has been notified to the Company, the shares sold are recorded in the register of members in the default nominee account of SIS and carry neither voting rights nor the right to request that the Board call a General Meeting, the right to put a matter on the agenda for a General Meeting, or the right to participate, be represented or speak at General Meetings.

The Board may, in accordance with the articles, refuse to register a transfer of a share. In such a case, the Board will send to the transferee a notice of refusal within 20 days after the date on which the application for registration was lodged with the Company and the transferee will be registered in the register of members without voting rights in respect of those shares.

As to the authority conferred to the Board by the Articles to withdraw voting rights attaching to shares, please see sections 6.1.1 below.

2.6.2. Reason for granting exceptions in the year under review

Not applicable.

2.6.3. Admissibility of nominee registrations, along with an indication of percentage clauses, if any, and registered conditions

Please see section 6.1.1.

2.6.4. Procedures and conditions for cancelling privileges and limitations on transferability set forth in the Articles

Not applicable.

2.7 Convertible bonds and warrants/options

The Company has various employee share option and employee share plans in place (Note 25). The Company may issue shares corresponding to up to 10% of the Company's outstanding share capital. The Articles authorise the Board to issue a maximum of 3,024,800 shares in total in connection with awards granted under the employee benefit plan. As at 31 December 2016, only 300,000 of these shares have been issued. Other than these employee share options, the Company has no convertible bonds and options outstanding.

Long-Term award plans

The Board of Directors put in place in 2014 Long-Term award plans which align senior members of the management team with the long-term goals of the Group. The plans will vest over three years and such awards would be subject to meeting certain targets and objectives of the Company.

3. Board of Directors

As at 31 December 2016, the Board consisted of seven independent members (each, a 'Director') five of whom are Non-Executive Directors. Subject to certain non-delegable powers and duties of the Board, the Board has delegated the management and the operative and administrative day-to-day business of the Company and its subsidiaries to the EMC. The scope of delegation comprises all powers which are not reserved to the Board by Guernsey Law, the Articles or the Organisational Regulations.

3.1 Members of the Board of Directors

Name	Age	Nationality	Education	Position
Arpad Busson	54	French	Business	Executive Chairman
Tiberto Ruy Brandolini d'Adda	69	Italian	Business	Non-Executive Director
Edgar Brandt[1]	56	Swiss	Business	Non-Executive Director
Michael W.O. Garrett	74	British & Australian	Business Administration	Non-Executive Director
Christopher Preston	62	British	Business	Non-Executive Director
Kevin Maloney	59	American	Finance and Economics	Non-Executive Director[2]
Eric Bissonnier	50	French	Economics	Executive Director, Chief Investment Officer

[1]Edgar Brandt replaced David Staples at the EGM on 30 December 2016
[2]Mr. Maloney resigned as at 30 December 2016 from the Executive Committee, but remained as a Director

3.1.1. Professional Background

Executive Chairman

Arpad Busson is a French citizen and the Executive Chairman of the Company. In the 1980s Mr. Busson began raising assets for a number of hedge fund managers who have since risen to global prominence. In 1992, Mr. Busson founded the EIM Group in order to provide tailor made solutions to the growing institutional market for hedge funds and built the EIM Group into one of the leading players in the industry. Mr. Busson has served as an industry expert on a number of panels for French, Swiss, and US regulatory bodies, and is a founding member of the Alternative Investment Management Association. Mr. Busson is also actively engaged in extensive charitable work.

Non-Executive Directors

Tiberto Ruy Brandolini d'Adda is an Italian citizen and a Non-Executive Director. He currently serves as Chairman of Exor S.A. (Luxembourg) and is also a member of the Board of Directors of YAFA S.p.A. He is a General Partner of Giovanni Agnelli e C. S.a.p.a.z. and Vice Chairman of Exor S.p.A., the company formed through the merger between IFI and IFIL Investments. He has been a member of the Board of Directors of Fiat S.p.A. for 10 years and is now a member of the Board of FCA (Fiat Chrysler Automobiles N.V.). Mr. Brandolini d'Adda is a graduate in commercial law from the University of Parma. He gained his initial work experience in the international department of Fiat S.p.A. and then at Lazard Bank in London. He subsequently was appointed Assistant to the Director General for Enterprise Policy at the European Economic Commission in Brussels. He also served as Managing Director and Vice Chairman of the Exor Group (formerly Ifint). Mr. Brandolini d'Adda has served as a main board director for companies including Le Continent, Bolloré Investissement, Société Foncière Lyonnaise, Safic Alcan, Château Margaux and as an Advisory member of the European Board of Blackstone. He also served as Director and then as Chairman of the Conseil de Surveillance of Club Méditerranée. Mr. Brandolini d'Adda has also served as Chairman of the Conseil de Surveillance and Deputy Chairman of Worms & Cie, as Chairman and Chief Executive Officer of Sequana Capital (formerly Worms & Cie), and as Chairman of the Board of Sequana. He is a former member of the Board of Vittoria Assicurazioni S.p.A. and a member of the Board of Société Générale de Sur-veillance (SGS). Mr. Brandolini d'Adda is Officier de la Légion d'Honneur.

Mr. Edgar Brandt spent 17 years with Arthur Andersen and was Managing Partner for Switzerland from 1996 until the dissolution of the group in 2002. He then became, for three years, Managing Director of BearingPoint (Switzerland), which was formed by the merger of Arthur Andersen Business Consulting and KPMG Consulting. In 2005, he founded Edgar Brandt Advisory SA, a corporate consulting firm. Edgar holds a Bachelor's Degree in Business Administration from the Business and Economics Faculty (HEC) of the University of Lausanne, and a Master's Degree in Computing and Organization. He has been a Swiss Chartered Accountant since 1992. Edgar is an active member of several professional organizations and is a member of the Boards of Directors and Audit Committees of a number of companies active in the financial services industry.

Michael Garrett is a British and Australian citizen and a Non-Executive Director. He became a Director of the Company in 2007. Mr. Garrett began his 44-year career with Nestlé in 1961 and has worked in Switzerland, Australia, the UK and Japan. In 1974, Mr. Garrett headed Nestlé's confectionery business in the UK before taking a position in Australia first as Marketing Director and subsequently as Managing Director of Nestlé Australia Ltd. Mr. Garrett was assigned to Japan as Head of Market between 1990 and 1993 before being appointed as Zone Director and Member of the Executive Board of Nestlé S.A., responsible for Asia and Oceania in March 1993. In July 1996, Mr. Garrett's responsibilities were expanded to include Africa and the Middle East. Mr. Garrett sat on the World Trade Organisation Business Advisory Council in Switzerland between 2002 and 2005 and was also a member of the Lausanne/Tokyo Business Leaders Club and a visiting International Fellow of the Sir William Tyree Foundation of the Australia Industry Association. Mr. Garrett graduated from the IMD Business School in Lausanne, Switzerland.

Christopher Preston is a British and a Swiss citizen and a Non-Executive Director. He became a Director of the Company in 2014, following a 30 year career in banking and investment management, of which he spent more than half on the executive board with institutions in the UK, Switzerland, and Germany, Mr. Preston is a principal of Preston Capital Partners, providing consultancy services to private and institutional clients. His previous executive posts include Country Manager for Bank of America, CFO for Rothschilds Bank Zurich, Division Executive for Citigroup Private Bank, Division Executive for the Banque Cantonale Vaudoise, and CEO for Piguet Galland & Cie. He holds, or has held, a number of non-executive positions including as Chairman, Swisscanto Holding AG, Gérifonds S.A., Rothschild Fund Management AG, Banque Piguet S.A., Rothschild Bank Switzerland (C.I.) Ltd, and Citigroup Switzerland S.A. He holds a degree in Law from Southampton University and a joint MBA from Cranfield Institute of Technology and INSEAD.

Kevin Maloney a US citizen, served at Gottex from September 2003 until December 2016, when he stepped down as co-Chief Investment Officer to take on an academic role at Bryant University. From 1995 to 2003, Dr. Maloney worked for Putnam Investments, where he was a Managing Director. From 2002 to 2003, he managed the Product Design Team and worked with the equity and fixed income portfolio management teams to design and position products to meet client objectives for risk, return and style positioning. From 1998 to 2001, he was the Director of the Financial Engineering at Putnam, where his team drove the development of risk systems, portfolio construction tools, and derivatives analytics and infrastructure. From 1995 to 1998, he was the Director of Quantitative Research in Fixed Income. Dr. Maloney was a professor of finance and economics at the Amos Tuck School of Business at Dartmouth College from 1983 - 1995. He has an MA and PhD in Finance and Economics from Washington University and a BA in Economics from Trinity College. Dr. Maloney has published a number of articles in academic and professional journals.

Executive Director

Eric Bissonnier is a French citizen and Executive Director, Chief Investment Officer of Alternative Solutions. He began his professional career as an MIS Analyst at Chase Private bank in Geneva where he subsequently managed discretionary multi-asset class and multi-currency portfolios. In 1998 E.I.M. S.A. recruited Mr. Bissonnier as a Hedge Fund Portfolio and Research Analyst. In 2003, he was appointed the EIM Group's Chief Investment Officer for Europe and Asia and Head of Portfolio Management and Research. Mr. Bissonnier was President of EIM's Executive Committee. He is currently CIO Alternative Solutions for the LumX Group, and a member of the EMC. He is a frequent speaker on alternative strategies, asset allocation and risk management at investment conferences worldwide. Mr. Bissonnier holds an MSc in Economics from the University of Geneva (Switzerland) and is a CFA Charter Holder.

3.1.2. Operational management tasks of the members of the Board of Directors

Messrs. Preston, Brandt, Garrett, Brandolini and Maloney are non-executive members of the Board of Directors, while Messrs. Busson and Bissonnier are members of the Board of Directors and the EMC. Mr. Maloney stepped down from the EMC on 30 December 2016 but remains a member of the Board.

3.1.3. Information on non-executive members of the Board of Directors

All non-executive members of the Board of Directors, other than Mr. Maloney who was a member of the EMC until December 2016, are independent, were not previously members of LumX management and have no important business connections with LumX.

3.2 Other activities and functions

Please see above section 3.1.1 for each Director's other activities and functions.

3.3 Elections and term of office

3.3.1. Principles of election procedures and limits on term of office

The members of the Board are elected by a simple majority of the votes cast at the General Meeting. According to the Articles, the Board must consist of at least seven members. The members of the Board shall be elected annually or at the Annual general Meeting.

There is no age limit at which a Board member is required to retire. The office of a Board member shall be vacated if:

(i) He ceases to be a Board member by virtue of any provision of Guernsey Law or becomes prohibited by Guernsey Law from, or is disqualified from, being a Board member;

(ii) He resigns from office by notice to the Company;

(iii) The General Meeting resolves by ordinary resolution; or

(iv) He is subject to re-election and is not re-elected.

3.3.2. Time of last election and remaining term of office

All directors may stand for re-election at each AGM.

Mr. Garrett will not be standing for re-election at the next AGM.

3.4 Internal organisational structure

3.4.1. Allocation of tasks within the Board of Directors

Name	Independent Director	Audit Committee	Nomination and Compensation Committee
Arpad Busson			
Christopher Preston	X	X	X
Edgar Brandt[1]	X	Chairman	
Eric Bissonnier			
Kevin Maloney			
Michael W.O. Garrett	Lead Director		Chairman
Tiberto Ruy Brandolini d'Adda	X	X	X

[1]Mr.Brandt replaced Mr. Staples as at 30 December 2016.

3.4.2. Tasks and area of responsibility for each committee of the Board of Directors

Audit Committee

The Audit Committee is comprised of Messrs. Brandt (Chairman), Preston and Mr. Brandolini who are all independent and are financially literate. The Audit Committee's function is to assist the Board in overseeing the executive management of the Company's financial reporting process, including monitoring the integrity of the Company's financial statements and the independence and performance of the Company's external auditors.

The principal responsibilities of the Audit Committee are:

- to review the adequacy of the system of internal accounting procedures of the Company and the Group, and to oversee that effective systems of internal controls for finance matters and for non-financial operating data are maintained;
- to oversee that the financial performance of the Company is properly measured, controlled and reported;
- to discuss the audit procedures with the auditors;
- to review the audit results and related management letters;
- to review the services performed by the external auditors of the Company in connection with determining their independence;
- to review the reports of the internal and external auditors;
- to discuss their contents with the auditors and with the EMC;
- to review and discuss the interim financial statements with the EMC, and to review and discuss the annual financial statements with the EMC and the external auditors;

- to review periodically the financial results of the Company and the Group as achieved;
- to have overall supervisory responsibility to oversee the proper implementation of the financial strategy as approved by the Board;
- to recommend any share repurchase programme for approval by the Board;
- to review and oversee the ongoing compliance of the Company and the Group with legal and regulatory requirements, accounting standards and the rules and regulations of the SIX Swiss Exchange; and
- to approve the form and contents of any press release containing information about the Group's earnings.

The Audit Committee may obtain advice and assistance from internal or external legal, accounting or other advisors as it deems advisable without having to seek Board approval. The Audit Committee met four times in 2016.

Nomination and Compensation Committee

The Nomination and Compensation Committee is comprised of Messrs. Garrett (Chairman), Brandolini and Preston who are all independent. The Nomination and Compensation Committee's function is to assist the Board in performing both its management and supervisory duties, in particular with regard to planning the succession of members of the Board and the Senior Management of the Company and the Group as well as compensation of the members of the Board and the Senior Management.

The principal responsibilities of the Nomination and Compensation Committee are:

- search and review of potential candidates qualified to become Board members, and recommendation of such individuals to the full Board for a nomination for election by the shareholders;
- review of nominations for re-election of Board members;
- recommendation of Board members for appointment to a Board committee;
- review of appropriateness of continued service on the Board of Board members whose circumstances (including business or professional affiliations or responsibilities) have changed or who contemplate accepting a directorship on another public group board or an appointment to an auditor compensation committee of another public group Board;
- review of the criteria, objectives and procedures for selecting members of the EMC;
- make recommendation to the Board for the appointment of the members of the EMC (upon motion of the Chief Executive Officer);
- review of the general compensation strategy of the Company and the Group;
- make recommendations for approval by the Board of compensation and benefits programmes (including in respect of severance payments and payments upon or in view of retirement) for the members of EMC;
- review and make recommendations for approval by the Board of the terms of employment between the Group and any member of the EMC;
- recommendations for approval by the Board of the remuneration of the non-executive Board members; and
- oversight of the system and procedures for the education, development and orderly succession of senior members throughout the Group, including, at least annually, review of the short- and long-term succession plans for the CEO and other Senior Management positions.

The Nomination and Compensation Committee met 4 times in 2016.

Independent Director Committee

The Independent Director Committee comprises Messrs. Garrett (Lead Director), Preston, Brandt and Brandolini. Each member must be disinterested in any particular transaction upon which the Independent Director Committee is required to give its recommendation to the Board. The members of the Independent Director Committee are responsible for protecting the interests of the non-controlling shareholders of the Company. The Board shall only resolve certain matters if a majority of the members of the Independent Director Committee so recommends.

Such matters are:

- a proposed merger, takeover or other business combination of the Company with any entity that is controlled directly or indirectly by all or part of the 'significant shareholders' (which are shareholders (i) who have, or in the three years preceding the relevant transaction had, a function as a member of the Board or the Senior Management of the Group and (ii) who, together with their related persons, directly or indirectly hold more than 3% of the Company's issued voting rights as long as such significant shareholders collectively hold more than $33^1/_3$% of the Company's issued voting rights);

- any other related party transaction, other than as to compensation, involving the Company or any subsidiary on the one hand and all or part of the significant shareholders (or any related persons thereof) on the other hand;
- a proposed repurchase by the Company of all the shares not owned by the significant shareholders as long as the significant shareholders directly or indirectly hold more than $33^1/_3$ of the Company's outstanding voting rights;
- any change to the powers and duties of the Independent Director Committee.

There were no formal meetings of the Independent Director Committee, however, there were multiple meetings of the Independent Directors held in Executive session before most of the Board meetings in 2016, estimated to be 4 meetings of this type in 2016.

The Board has appointed Mr. Garrett as Lead Independent Director of the Company. In particular, the Lead Independent Director (i) ensures an orderly process in evaluating the performance of the Chairman and (ii) convenes and chairs Board meetings to consider and resolve upon matters where the Chairman has a conflicting interest.

3.4.3. Work methods of the Board of Directors and its committees

The Board meets as often as necessary, at least four times a year. Meetings are called by the Chairman of the Board by written notice that contains the agenda. Any Board member may request that the Chairman call a meeting or that an item is put on the agenda.

During 2016, the Board had 14 meetings.

The Board committees regularly report to the full Board on their findings and propose the appropriate actions.

3.5 Definition of areas of responsibility

The Compamy's governing bodies have the responsibilities as follows:

Subject to the powers and duties conferred on the shareholders of the Company by Guernsey Law and the Articles, the Board is ultimately responsible for the management of the business of the Company and for supervising and monitoring such management. Accordingly, the Board has both executive and supervisory functions for which, according to the Articles, it remains responsible even if, in performing these functions, it is assisted by a Board committee or the Group's executive management.

The Board has the following non-delegable and inalienable duties: the determination of the overall strategy of the business of the Group and the issuance of the necessary instructions, the preparation and issuing of internal regulations for the operation of the Board, any Board committees and the EMC of the Company from time to time, the appointment and removal of persons entrusted with the management and representation of the Company (including the appointment and removal of members of Board committees and members of the Company's executive management), the structuring of the Company's accounting system, its financial controls and financial planning and the ultimate supervision of the persons entrusted with the management of the Company and the preparation of the directors' reports, preparation for general meetings and the implementation of the resolutions of the General Meeting. The Board's responsibility for supervising and monitoring the Company's management team includes establishing a suitable system of internal controls, receiving regular reports on the progress of the business and approving the annual financial statements and the interim financial statements.

Subject to the non-delegable powers and duties of the Board described above, the Board has delegated the management and the operative and administrative day-to-day business of the Company and its subsidiaries to the EMC. The scope of delegation comprises all powers which are not reserved to the Board by Guernsey Law, the Articles or the Organisational Regulations.

The Organisational Regulations reserve the following powers to the Board:

- the adoption of resolutions concerning the issuance of unissued shares out of the authorised capital and the sale, transfer and cancellation of treasury shares held by the Company to the extent that such power is vested in the Board pursuant to Guernsey Law and the Articles;
- the approval of transactions for which the Board reserves its decision-making power, in particular: (i) capital expenditures and investments exceeding USD 5 million or its equivalent and; (ii) finance decisions exceeding USD 10 million or its equivalent;
- the approval of the annual investment and operating budgets as well as the long-term plan of the Company and the Group;
- the resolution on any matters submitted to it by the Board Committees;
- approval of the terms of reference of any Board Committees;

- the exercise of shareholder rights in the subsidiaries, as well as the ultimate control of the business activities of the subsidiaries;
- the establishment of the Company's dividend policy;
- the review and approval of any required filings with regulatory authorities or stock exchanges (unless delegated by the Organisational Regulations);
- the approval of any registration statements, prospectuses, listing particulars, notices and circulars to holders of Company securities or recommendations in respect of any matters which may be submitted to holders of the Company's securities (unless delegated by the Organisational Regulations); and
- the response to any approach regarding a takeover offer for the Company.

The members of the EMC are appointed by the Board upon recommendation of the Nomination and Compensation Committee.

The EMC reports directly to the Board.

3.6 Information and control instruments vis-à-vis the EMC

The Board, on a regular basis, is fully informed on material matters involving the Company and the Group's business.

The Executive Directors, who are members of the EMC, are expected to be present at each quarterly Board Meeting and report to the Board. The Board provides guidance to the EMC when necessary.

4. Executive Management Committee

The executive management of the Company has been delegated by the Board to the EMC. Accordingly, the EMC has all the powers and duties that are not explicitly reserved in the Organisational Regulations to the Board, its Chairman or one of the Board committees.

The members of the EMC are appointed by the Board upon recommendation of the Nomination and Compensation Committee. The EMC reports directly to the Board.

4.1 Members of the Executive Management Committee**

Name	Age	Nationality	Position	Employed since
Arpad Busson*	54	French	Executive Director	September 2014
Eric Bissonnier*	50	French	Senior Managing Director, CIO Alternative Solutions	September 2014
Sonia Bhasin-Woods	43	British	Senior Managing Director, General Counsel	November 2016
Marc Fisher	42	British	Senior Managing Director, Head of Asia and Middle East Sales	November 2012
Pierre Udriot	35	Swiss	Senior Managing Director, Chief Financial Officer	November 2015

*Indicates an EMC member who is also a Board member
** Mr. Maloney resigned from the EMC in December 2016

Marc Fisher is a British citizen, Senior Managing Director, and oversees Risk Premia Product Development, and manages the Asia Pacific and Middle East client businesses. Marc joined LumX from FRM in Hong Kong (now Man Group PLC's multi-manager business) where he was a Management Committee Member and Chairman of their Asia Pacific business excluding Japan and Korea. Additionally, Marc ran FRM's private client product range and served as product head for their systematic managed futures fund. Previously, Marc was a Managing Director at Citigroup in London, where he founded and managed the global fund-linked product business. Prior to Citigroup, Marc started his career at Deutsche Bank in London, where he held a number of trading, marketing and product development positions with an emphasis on multi-asset class derivatives. He holds a Bachelor of Veterinary Medicine (BVSc) (Hons) degree from Bristol University, England.

Pierre Udriot is a Swiss citizen, and Chief Financial Officer of the Group. Prior to joining Gottex Asset Management (Suisse) SA in November 2015, Mr. Udriot spent ten years at Ernst & Young, where he was a Senior Manager specialising in the Wealth and Asset Management industries, first based in Switzerland and then in Singapore. Pierre is a Certified Public Accountant and, while at Ernst & Young, led regulatory audits under a Lead Auditor accreditation he received from the Swiss Financial Market Supervisory Authority FINMA. During his tenure at Ernst & Young, Pierre acquired in-depth financial and regulatory knowledge of many types of companies active in the financial markets and gained broad experience in areas such as corporate governance, internal controls and risk management. Mr. Udriot holds a degree in Economics and Management from HEC University of Lausanne, Switzerland, and qualified as a Certified Public Accountant in Switzerland in 2008.

Sonia Bhasin-Woods has extensive experience in senior legal, regulatory and compliance matters within the investment management industry. Most recently, Ms. Bhasin-Woods was the Global Head of Legal and Compliance at Ivaldi Capital LLP. Between 2015 and 2016, she served as General Counsel and Chief Compliance Officer at RiverRock European Capital Partners LLP and prior to this, held the same position at Decura LLP between 2012 and 2015, where she was also one of the firm's partners. Between 2011 and 2012, Ms. Bhasin-Woods worked within UBS's investment bank where she was the sole funds lawyer, and was responsible for, inter alia, UBS's third party managed account platform business. She has also held positions at Permal as Deputy General Counsel between 2009 and 2011 and at Morgan Stanley from 2006 to 2009, where she was the investment bank's only funds lawyer before moving to a role in equity derivatives structuring. Prior to this, she also worked in the Financial Services Group at Dechert LLP, focusing on hedge funds and regulated funds. She has an LLB Law Degree from City University.

For information on the professional background of the members of the EMC who are also Board members see section 3.1.

4.2 Other activities and vested interests

Please see section 3.1.1 and 4.1 for other activities and interests.

4.3 Management contracts

Not Applicable.

5. Compensation, Shareholdings and Loans Policy

5.1 Content and method of determining the compensation paid and the shareholding programme

The compensation and incentive programme for members of the EMC and other key employees at LumX may consist of all or some of the following components: 1) salary; 2) benefits-in-kind; 3) cash bonus; 4) share awards and share option awards, including long term incentive awards; and 5) waived management fees. Salaries are reviewed annually and remain competitive within the market. A formalized staff grouping structure is in place which identifies the different salary level ranges for each position and level of seniority within the Group. Benefits-in-kind comprise pensions and other benefits, for example, health care. Bonuses are distributed annually based on a subjective evaluation by the employee's supervisor in conjunction with a review by the EMC and the Nomination and Compensation Committee. Bonuses for members of the EMC are determined by the Nomination and Compensation Committee. Many factors are taken into account including meeting individual and team performance objectives, as well as market compensation comparisons. Such bonuses may be comprised of cash bonuses, share awards and/or share option awards, and the mix is a discretionary allocation.

The key employees may be offered additional share awards and/or share option awards on a case-by-case basis, and in addition, long term incentive plans are in place as a means of compensating and retaining key talent. Individual awards may be tailored to meet the performance requirements of the employee, such as asset under management targets or profitability targets, and also simply designed to retain the employee and therefore linked solely to continued employment. The Group also has in place for key employees a long term incentive share scheme which has share awards linked to the profitability of the Group and the assets under management of the various businesses of the Group. Shares awarded under this scheme will vest over multiple year periods.

Waived management fees comprise management fees on investments made by employees into funds managed by the Group, which are waived by the Group.

All Non-Executive Directors of the Company are paid a compensation for their services as Directors out of the funds of the Company. Such compensation to Board members (other than any Director who for the time being holds an executive office or employment under the Company or a subsidiary of the Group) is determined by the Board upon recommendation of the Nomination and Compensation Committee. The Board members are paid out of the funds of the Group all expenses properly incurred by them in the discharge of their duties, including their expenses of travelling to and from the meetings of the Board, meetings of the Board Committee and General Meetings. Each Non-Executive Director, receives an annual remuneration of USD 75,000 per year. Directors who are members of the EMC

CORPORATE GOVERNANCE REPORT CONTINUED

are paid a base salary, certain benefits and are eligible for bonuses and any share-based compensation schemes. Additional information is included in the sections below.

The compensation of the members of the Board and the EMC is determined by the Board upon recommendation of the Nomination and Compensation Committee. Members of the EMC are paid a base salary, certain benefits and are eligible for bonuses and any share-based compensation schemes.

5.2 Transparency of the Compensations, Shareholdings of members of the Board and the EMC

Name	Salary/fees USD 000	Benefits in kind USD 000	Pensions USD 000	Share based payments – fees[1] USD 000	Total USD 000
Arpad Busson	350	-	-	-	350
Eric Bissonnier	432	-	40	-	472
Kevin Maloney	123	31	-	-	154
Christopher Preston	75	-	-	-	75
David Staples	75	-	-	-	75
Michael W.O. Garrett	75	-	-	-	75
Tiberto Ruy Brandolini d'Adda	75	-	-	-	75
Total compensation for Board of Directors	**1,205**	**31**	**40**	**-**	**1,276**

5.2.1. Compensation for members of the EMC (for the year ended 31 December 2016)

The table below shows the total compensation for the members of the EMC during the year 2016.

	Total USD 000
Salary/fees	2,282
Benefits in kind	62
Pensions	62
Share-based payments[1]	16
Total compensation for members of the EMC	**2,422**

[1] Share-based payments consist of share awards.

The EMC includes all of the Executive Directors above, as well as certain key management personnel.

The highest paid member of the EMC for the year ended 31 December 2016 is Marc Fisher.

5.2.2. Shareholdings and options of members of the Board and the EMC.

For information relating to the shareholdings of members of the Board and the EMC at 31 December 2016, see table below:

Executive Directors and Executive Committee members[1]	Number of Shares held	Share Options Date of grant	Share Options Exercise price USD	Number	Number of Share awards outstanding
Arpad Busson[1]	29,552,859	-	-	-	-
Eric Bissonnier	127,827	-	-	-	250,000
Kevin Maloney[2]	1,642,016	-	-	-	-
Pierre Udriot	50,000	-	-	-	-
Total	**31,372,702**	**-**	**-**	**-**	**250,000**

[1] Members of the Board of Directors and EMC own shares directly, through nominee accounts, family trusts and other corporate entities of which Rozel Trustees (Channel Islands) Limited holds 28,082,271 and is the trustee of the Albion Trust whose beneficiaries include members of the Busson family.

[2]Mr. Maloney left the EMC on 30 December 2016

Non-Executive Directors	Shares held	Date of grant	Exercise price USD	Number	Share awards outstanding
Edgar Brandt	86,000	-	-	-	-
Michael W.O. Garrett	104,990	-	-	-	-
Total	**190,990**	**-**	-	-	-

6. Shareholders' Participation

6.1 Voting-rights restrictions and representation

All voting-rights restrictions, along with an indication of statutory group clauses and rules on granting exceptions, particularly in case of institutional voting-rights representatives

Each share entitles its holder to one vote at the Company's shareholders' meetings, subject to the power of the Board under the Articles to withdraw voting rights in certain circumstances and except for shares recorded in the register of members in the default nominee account of SIS which, as a result of being recorded in this account and for the period for which they continue to be so recorded, shall not have any voting rights (see above section 2.4). Acquirers of shares only have the right to attend, and to cast their votes at a General Meeting to the extent the shares held by them have not had their voting rights withdrawn in accordance with the Articles.

Based on the authority conferred by Article 18 of the Articles, voting rights will be withdrawn that attach to shares:

> whose acquirer does neither explicitly declare that he has purchased them in his own name and for his own account nor acknowledges the right of the Company to receive information relating to their beneficial owner upon request, including the beneficial owner's name, address (and, if applicable, place of incorporation) as well as the beneficial owner's existing shareholdings in the Company; or

> with which the acquirer, directly, indirectly or acting in concert with third parties would exceed the threshold of 3% of the issued shares of the Company (as disclosed in its last annual or interim report approved by the Board); the Board may, however, grant exceptions to the limitation of 3%, in particular with respect to members who either (i) explicitly declare they have acquired the shares in their own name and at their own account or (ii) have acknowledged the right of the Company to receive information relating to the beneficial owner(s) of the shares upon request and to make public such information.

In addition, the Articles authorise the Board to withdraw the voting rights of shareholders who do not comply with the obligations to notify the Company of substantial shareholdings.

With respect to the respective shares, the acquirer will be recorded in the register of members as a shareholder without voting rights. The above limitations on registration also apply to shares acquired or subscribed for by the exercise of subscription, option or conversion rights.

6.1.1. Reasons for granting exceptions in the year under review

Not applicable.

6.1.2. Procedure and conditions for abolishing voting rights restrictions

The limitations on registration of acquirers of shares in the register of members as shareholders with voting rights may be abolished by Board resolution or by amendment of the Articles to withdraw the corresponding authority of the Board.

The respective Board resolution requires the affirmative vote of a majority of the members of the Board present at the meeting, which is quorate. Amendment of the Articles, on the other hand, can be effected by resolution of the General Meeting. Such resolution requires the affirmative vote of the holders of a majority of no less than 75% of the votes cast at the meeting.

6.1.3. Rules on participation in the General Meeting

A shareholder may appoint only one proxy to attend the General Meeting for the total shares held by such shareholder. If the Company proposes to its shareholders that they may cast their votes through a proxy designated by the Company, then the Company shall also designate at its own expense an independent proxy for the benefit of the shareholders.

CORPORATE GOVERNANCE REPORT CONTINUED

If such proxies are appointed, the following rules shall apply:

- any proxy given to the proxy designated by the Company shall be deemed to be a proxy to vote in favour of the motions of the Board. Proxies instructing the proxy designated by the Company to abstain or to vote against the motions of the Directors shall be delivered forthwith to the independent proxy; and
- the independent proxy shall cast his votes in accordance with the instructions given to him by the shareholders who have delivered such a proxy. Failing instructions, the independent proxy shall vote in favour of the motions of the Board.

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is made, or a notarially certified copy of such power or authority, must be deposited at the office or at such other place as is specified for that purpose in the notice of the General Meeting or in the instrument of proxy issued by the Company before the time appointed for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

A vote given or poll demanded by proxy or by the duly authorised representative of a body corporate is valid notwithstanding the previous withdrawal of the authority of the person voting or demanding a poll unless notice of the withdrawal was received by the Company at the office or at such other place at which the instrument of proxy was duly deposited before the commencement of the meeting at which the vote is given or the poll demanded.

6.2 Statutory quorums

Unless otherwise set forth in Guernsey Law or the Articles, resolutions of the General Meeting are adopted by simple majority of the votes cast at a General Meeting.

For so long as required under Guernsey Law, or under the Articles, a special resolution of the General Meeting (requiring not less than 75% of the votes cast at a General Meeting) is required for the following matters:

- any alteration to the Memorandum or Articles;
- the ratification of any acts of the Board which, but for Guernsey Law, would be beyond the Company's capacity by reason of anything contained in or omitted from the Memorandum;
- a change of name of the Company;
- a reduction of the Company's issued share capital, capital redemption reserve or share premium account;
- a resolution of the General Meeting that the Company be wound up voluntarily, and where the Company is being wound up voluntarily any resolution of the General Meeting to delegate to its creditors the power to appoint a liquidator and to fill any vacancy in the office of liquidator, and to enter into any arrangement regarding the powers to be exercised by the liquidator and the manner in which they are to be exercised;
- the purchase by the Company of its own shares off-market, such special resolution to include authorisation of the terms of the proposed contract between the Company and the seller;
- the migration of the Company to another jurisdiction;
- the amalgamation of the Company with another company; and
- restriction or exclusion of the pre-emptive subscription rights of shareholders as set forth in the Articles.

6.3 Convocation of the General Meeting of shareholders

All General Meetings other than Annual General Meetings are called Extraordinary General Meetings. The Annual General Meeting shall be held at least once every financial year and no later than six months after close of the Company's financial year. No more than 15 months may elapse between one Annual General Meeting and the next.

All General Meetings may be held at any place in Guernsey or elsewhere.

The Board may call General Meetings. If there are not sufficient Board members to call a General Meeting, any Board member may call such a meeting.

Under the Articles, shareholders (other than shareholders whose voting rights have been denied) holding 5% or more of the shares issued at the time, have the right to require the Board to call a General Meeting, in which case the Board must cause such General Meeting to be held as promptly as practicable thereafter. Under Guernsey Law, shareholders holding at least 10% of the issued shares, excluding any shares held as treasury shares, are entitled to require the Board to convene a General Meeting. If the Board does not, within a period of 21 days beginning on the date of service of the requisition, duly convene a General Meeting, the requisitioning shareholders may, within a period of three months beginning on that date, themselves convene such a General Meeting.

Any General Meeting shall be called by at least 14 days' notice, such notice being deemed to have commenced on the day following the date of deemed receipt of the notice as set out in the Articles. The notice shall specify the day, time and place of the General Meeting and the general nature of the business to be transacted and, in the case of an Annual General Meeting, shall specify the General Meeting as such.

Subject to the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be given to all the shareholders, to all persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder and to the members of the Board and auditors in accordance with the notice provisions set out in the Articles. In addition, the Company shall give notice of the General Meeting by way of an announcement appearing once in a German language newspaper and a French language newspaper in Switzerland at least 21 days prior to the General Meeting.

The accidental omission to give notice of a General Meeting to, or the non-receipt of notice of a General Meeting by, any person entitled to receive notice shall not invalidate the proceedings at the General Meeting, provided that notice shall have been given in the appropriate Swiss newspapers.

6.4 Agenda

Shareholders (other than members whose voting rights have been denied) holding 5% or more of the shares issued at the time, have the right to require the Board to put an item on the agenda of a General Meeting, provided that such request is lodged with the Company no later than 45 days prior to the date of the General Meeting.

6.5 Registration into the share register

The Annual General Meeting 2017 will be held on 31 May 2017. The registrations appearing in the Company's register of members as at 24 May 2017 determines the right to participate in the General Meeting.

Notice of the General Meeting will be published in a German language and a French language newspaper in Switzerland.

7. Changes of control and defence measures policy

7.1 Duty to make an offer

By resolution of the members taken at the 2014 Annual General Meeting, the Company decided to opt out of the obligation of a shareholder who acquires shares and thereby exceeds $33^1/_3$% of the issued shares of the Company to make a public tender offer. According to the new article 13 of the Articles a person who (directly, indirectly or acting in concert with third parties) acquires shares and thereby exceeds $33^1/_3$% of the issued shares of the Company (as disclosed in its last annual or interim report approved by the Board), is not required to make a public takeover offer for all the issued shares of the Company.

7.2 Clauses on changes of control

Apart from the accelerated vesting of unvested options in the event of a takeover under the Group employee share option plan (see above section 2.7) no contractual provisions exist in favour of members of the Board or the EMC with regard to a change of control of the Company.

8. Auditor's policy

Ernst & Young Ltd, Route de Chancy 59, PO Box, CH-1213 Petit-Lancy 1, Geneva, Switzerland ("EY") have been assigned the mandate to serve as auditors for the Company and some of its subsidiaries. They assume auditing functions according to laws, regulatory requests, and the Articles for the Company. The Audit Committee will annually assess the independence of Ernst & Young to determine whether they meet all independence requirements, thus ensuring that independence of the auditors is not jeopardised by conflicts of interests through additional mandates. EY will inform the Audit Committee annually of the measures they are taking to ensure their own and their employees' independence from the Group. The Audit Committee assesses this information on behalf of the Board.

8.1 Duration of the mandate and term of office of the auditor in charge

EY were re-appointed as the Group's external auditor at the last AGM for a one-year period. The auditor in charge of the audit engagement, John Alton, assumed this position in 2012.

In accordance with the seven-year rotation requirement established by the Swiss Code of Obligations for Swiss companies, LumX will ensure that the auditor in charge of the Group's audit will be replaced in accordance with the above rule.

8.2 Auditing and additional fees paid to the auditors

During 2016, EY were paid USD 0.5 million in audit fees and USD 48,000 in non-audit fees. Non-audit services performed by EY were principally services in connection with cash review and tax.

8.3 Informational instruments pertaining to

the external audit

The Group has appointed EY to perform audit related services. All services provided by EY have to be reviewed by the Audit Committee with final approval by the Board of Directors. A pre-approval may be granted either for a specific mandate or in the form of a general pre-approval authorising a limited and well-defined type and amount of services.

The Audit Committee assists the Board of Directors in monitoring the qualification, independence and performance of the auditors and their auditor in charge. The Audit Committee also prepares proposals for appointment or removal of the external auditors for review and final approval by the Board of Directors.

The Audit Committee reviews the annual written statement submitted by the external auditors as to their independence. They also review the engagement letter between the Group and the external auditors and the fees and terms of the planned audit work.

The external auditors provide timely reports to the Audit Committee on critical accounting policies and practices used, on alternative treatments of financial information discussed with management, and other material written communication between external auditors and management. Reports are prepared at least twice per annum.

The Audit Committee regularly meets with the auditor in charge of the external auditors, at least annually. At least once per year, the Chairman of the Audit Committee discusses with the auditor in charge of EY the audit work performed, the main findings and critical issues that arose during the audit. The Audit Committee reports back to the Board of Directors about their contacts and discussions with the external auditors.

9. Informational policy

LumX, as a publicly traded company on the SIX, is committed to communicating in a timely and consistent way to shareholders, potential investors, financial analysts, customers, suppliers, the media and other interested parties. The Company ensures that material information pertaining to its businesses is disseminated in a manner that complies with its obligations under the rules of the SIX.

The guiding principles of this informational policy, as it relates to shareholders, are that the Company gives equal treatment to shareholders in equal situations, that any price-sensitive information is published in a timely fashion and that the information is provided in a format that is as full, simple, transparent and as consistent as possible.

The Company publishes annual and half yearly financial information as set forth in the SIX rules.

Major announcements, such as financial results or corporate activity that require an obligation to disclose potentially price sensitive information through an ad hoc notice filing are available on the Company's internet website (www.lumxgroup.com) which anyone can access, whether or not that person is a shareholder.

The invitation to the Company's Annual General Meeting is sent to registered shareholders by mail and published in the appropriate Swiss newspapers.

Enquiries may also be made to LumX Investor Relations: Investor.Relations@lumx.com

10. Material changes since the end of the business year 2016

Since the end of the business year 2016, the Group lost mandates which will require an impairment of intangible assets in 2017 (Note 14 to the consolidated financial statements).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUMX

Ernst & Young Ltd
Route de Chancy 59
P.O. Box
CH-1213 Genève

Phone +41 58 286 56 56
Fax +41 58 286 56 57
www.ey.com/ch

To the Members of
LUMX Group Limited, Guernsey

Geneva, 28 April 2017

Statutory auditor's report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of LUMX Group Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Basis for opinion
We conducted our audit in accordance with applicable law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

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

Emphasis of Matter
Without qualifying our opinion, we draw your attention to Note 1 in the financial statements which describes the material uncertainties related to achieving the business plan that may cast significant doubt upon the Group's ability to continue as a Going Concern.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters

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below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Goodwill impairment testing

Risk	Goodwill of $21.1m (2015 $21.1m) is held on the Balance Sheet, refer to note 13. Goodwill is the largest asset on the Consolidated Balance Sheet, accounting for 48.8% (2015 45.6%) of total assets. The Group is required to test for the potential impairment of this goodwill each year. This involves calculating the value in use of the business and conducting sensitivity analysis over the level of headroom available within the valuation based on the results of these sensitivity adjustments. The Group has undergone a significant level of change in the past two to three years including the integration of the former Gottex and EIM businesses, the emergence of new revenue streams and the divestment of non-core business lines. As a result the forecasting of future financial performance is subject to a high degree of management judgement.
Our audit response	Our audit response to address this Key Audit Matter included the following: • We involved a specialist and evaluated the financial projections supporting the value in use calculations for reasonableness of market assumptions and reasonableness of growth assumptions, • We considered any contrary evidence, including market capitalization and recent issues of shares in the Group, • We tested the mathematical accuracy of the value in use calculation, including the sensitivity analysis performed, and • We evaluated the results of these tests.

Valuation of level 3 investments

Risk	The Group holds $4.9m (2015 $5.5m) of level 3 financial assets on the face of the balance sheet. These assets are valued by management using a range of methods. By virtue of the fact these valuations include unobservable data these are considered hard to value. The level 3 financial assets are set out in more detail in note 15 to the financial statements.
Our audit response	Our audit response to address this Key Audit Matter included the following: • We tested, with reference to source documentation, the calculation of the internally generated valuations, • We evaluated the valuation methodology of internally valued, material level 3 assets, • We tested supporting documentation for all other material level 3 financial assets, and • We evaluated the results of these tests.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUMX

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Other information in the annual report
The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of applicable law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Ernst & Young Ltd

John Alton Licensed audit expert (Auditor in charge)	**Michael J Gaylor** Chartered Accountant

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 USD 000	2015 USD 000
Revenue	2	17,783	32,362
Referral fee expense	3	(1,816)	(1,306)
Net revenue		**15,967**	**31,056**
Operating costs from operations	5	(23,041)	(38,980)
Acquisition-related credit	7	-	191
Impairment of goodwill	13	-	(3,492)
Share of post-tax losses of joint venture		-	(224)
Arbitration Settlement	28	-	(5,141)
Misappropriation of assets	29	-	(578)
Loss on disposal of business	30	(186)	(4,308)
Operating loss		**(7,260)**	**(21,476)**
Finance income	8	258	797
Finance cost	9	(200)	(183)
Net loss on financial assets	10	(263)	(238)
Gain on recognition of investment at fair value	15	-	2,607
Share of post-tax profits/(losses) of associates	16	100	529
Loss before taxation		**(7,365)**	**(17,964)**
Income tax credit/(charge)	11	(577)	99
Loss for the year		**(7,942)**	**(17,865)**
Attributable to:			
Equity holders of the parent company		(7,833)	(17,120)
Non-controlling interest		(109)	(745)
Loss for the year		**(7,942)**	**(17,865)**
Loss per share for the year			
Basic and diluted, for loss for the year attributable to ordinary equity holders of the parent company	12	(0.12)	(0.38)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 USD 000	2015 USD 000
Loss for the year		(7,942)	(17,865)
Items that will not be subsequently reclassified to profit and loss			
Actuarial gains/(losses) on defined benefit pension plans (net of tax)		(530)	323
Items that may be subsequently reclassified to profit and loss			
Exchange differences arising on translation of foreign operations		338	(691)
Other comprehensive income for the year, net of tax		**(192)**	**(368)**
Total comprehensive loss for the year, net of tax		**(8,134)**	**(18,233)**
Attributable to:			
Equity holders of the parent company		(8,025)	(17,453)
Non-controlling interest		(109)	(780)
		(8,134)	**(18,233)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016 USD 000	2015 USD 000
Non-current assets			
Goodwill	13	21,135	21,135
Intangible assets	14	3,776	4,763
Financial investments	15	4,960	5,884
Investment in joint venture and associates	16	2,475	2,496
Property, plant and equipment	17	264	499
Other receivables	18	136	371
Deferred tax asset	20	1,238	2,163
		33,984	**37,311**
Current assets			
Assets held for sale	30	-	473
Trade debtors	18	1,995	2,609
Other receivables	18	1,558	3,423
Tax assets		52	94
Financial investments	15	-	70
Cash and cash equivalents		4,889	2,357
		8,495	**9,026**
Total assets		**42,479**	**46,337**
Share capital	24	10,259	44,948
Treasury shares	24	(3,094)	(17,014)
Other reserves	24	23,555	32,898
Retained Earnings		(2,075)	(42,828)
Equity attributable to equity holders of the parent company		28,645	18,004
Non-controlling interest	24	(42)	144
Total equity		**28,603**	**18,148**
Non-current liabilities			
Accruals and other creditors	19	4,848	7,241
Deferred tax liabilities	20	-	73
Non-current liabilities		**4,848**	**7,314**
Current liabilities			
Liabilities held for sale	30	-	127
Trade creditors	19	1,596	3,776
Other payables	19	7,432	16,318
Current tax liabilities		-	654
		9,028	**20,875**
Total liabilities		**13,876**	**28,189**
Total equity and liabilities		**42,479**	**46,337**

Arpad Busson
Executive Chairman

Eric Bissonnier
Chief Investment Officer

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 USD 000	2015 USD 000
Operating activities			
Loss before taxation		**(7,365)**	(17,964)
Adjustments for:			
Impairment of goodwill		-	3,492
Impairment of intangible assets		-	804
Amortisation of intangible assets	14	1,496	2,318
Depreciation of property, plant and equipment	17	309	691
(Profit)/Loss on sale of property, plant and equipment		5	(3)
Loss on disposal of business	30	186	4,308
Gain on recognition of investment at fair value	15	-	(2,607)
Share-based payments	25	(239)	748
Decrease/(increase) in receivables		2,714	10,384
Increase/(decrease) in payables		(5,730)	(9,416)
Taxes received/(paid) (net)		(361)	13
Finance income	8	(258)	(797)
Finance cost	9	200	183
Net loss on financial assets	15	263	238
Share of post-tax (profits)/losses of joint venture		-	224
Share of post-tax (profits)/losses of associates	16	(100)	(529)
Net cash outflow from operating activities		**(8,880)**	**(7,913)**
Investing activities			
Interest received		-	109
Proceeds from sale of property, plant and equipment		3	24
Proceeds from sale of investments		731	3,126
Purchase of intangible assets	14	(509)	(204)
Purchase of investments		-	(100)
Purchase of property, plant and equipment	17	(76)	(439)
Disposal of subsidiaries	30	(200)	-
Dividends received		220	210
Net cash from investing activities		**169**	**2,726**
Financing activities			
Interest paid	9	(200)	(183)
Repayment of loan to related parties	27	(2,250)	(2,484)
Loan from related parties		-	3,100
Capital increase	24	13,303	-
Disposal of treasury shares		292	-
Net cash from/(used) in financing activities		**11,145**	**433**
Net increase (decrease) in cash and cash equivalents in year		**2,434**	**(4,754)**
Opening cash and cash equivalents		2,357	7,482
Effect of foreign exchange rates		98	(105)
Closing cash and cash equivalents		**4,889**	**2,623**
Of which included in assets held for sale		**-**	**266**
Of which shown as cash and cash equivalents		**4,889**	**2,357**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Share Capital (Note 25)	Treasury shares (Notes 25 and 27)	Translation reserve	Share-based payment reserve (Note 27)	Pooling and other reserves (Note 25)	Total other reserves	Retained earnings	Attributable to equity holders of the parent company USD 000	Non-controlling interest (Note 26)	Total equity
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**	**(42,826)**	**18,004**	**144**	**18,148**
Loss for the year	-	-	-	-	-	-	(7,833)	(7,833)	(109)	(7,942)
Other comprehensive income	-	-	338	-	-	338	(530)	(192)	-	(192)
Total comprehensive loss	**-**	**-**	**338**	**-**	**-**	**338**	**(8,363)**	**(8,025)**	**(109)**	**(8,134)**
Issue of shares	19,113		-	-	(499)	-	-	18,614	-	18,614
Sales of Treasury shares	-	7,170	-	-	-	-	(6,878)	292	-	292
Recognition of share-based payments	-	-	-	(240)	-	(240)	-	(240)	-	(240)
Reduction of the nominal value of the shares	(53,802)	-	-	-	-	-	53,802	-	-	-
Deconsolidation GFM ABL	-	-	-	-	-	-	-	-	(77)	(77)
Reclassification due to cancellation and vesting of equity awards	-	6,750	-	(8,940)	-	(8,940)	2,190	-	-	-
Balance at 31 December 2016	**10,259**	**(3,094)**	**(4,524)**	**396**	**27,685**	**23,555**	**(2,075)**	**28,645**	**(42)**	**28,603**

Corporate information

LumX Group Limited ("LumX" or "the Company"), formerly known as Gottex Fund Management Holdings Limited, is a company registered in Guernsey and was listed on the SIX Swiss Exchange ("SIX") on 6 November 2007. The Company was incorporated in Guernsey on 15 August 2007. The registered office of LumX is Martello Court, Admiral Park, St Peter Port, G1Y 3HB, Guernsey.

The consolidated financial statements for the year ended 31 December 2016 comprise LumX Group Limited 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 consolidated financial statements were authorised for issue by the Board of Directors on 25 April 2017 and are subject to approval at the Annual General Meeting of shareholders on 31 May 2017.

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the reporting periods, is set out below.

a) Basis of Preparation

The consolidated financial statements are prepared in accordance with the Companies (Guernsey) Law, 2008, as well as International Financial Reporting Standards ("IFRS") and are presented in US Dollars ("USD"). The numbers are shown in USD 000s in all tables, except where otherwise indicated. The financial statements are drawn up on the historical cost basis of accounting, except that certain financial instruments are designated as at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods. Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are discussed below.

The Group adopted the following amendments and interpretations during the year and this has not resulted in any material changes to the financial position or performance of the Group nor resulted in any additional disclosures.

Standard or interpretation	Title	Impact on Group
Annual Improvements 2012-2014 Cycle	Various standards	No material impact
Disclosure Initiative	Amendments to IAS1	No material impact

1. Accounting policies (continued)

a) Basis of Preparation (continued)

At the date of these consolidated financial statements, the following Standards and Interpretations that are potentially relevant to the Group and which have not been applied in these financial statements were in issue but not yet effective for these consolidated financial statements. Their impact on the consolidated financial statements of the Group have not yet been systematically analysed. The Group has adopted and will adopt all relevant new standards when they become effective.

New standard or interpretation	Effective date
IFRS 9 Financial Instruments	Annual periods beginning on or after 1 January 2018
IFRS 15 Revenue from contracts with customers	Annual periods beginning on or after 1 January 2018
IFRS 16 Leases	Annual periods beginning on or after 1 January 2019
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date indefinitely postponed, pending the outcome of research pipeline project on the equity method of accounting
Annual improvements 2014-2016 cycle clarification of the scope of the Standard clarification of (Amendments to IFRS 12)	Annual periods beginning on or after 1 January 2017
IAS 7 - Disclosure Initiative (Amendments to IAS 7)	Annual periods beginning on or after 1 January 2017
IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses (IAS 12)	Annual periods beginning on or after 1 January 2017
IFRS 2 - Classification and measurement of share-based payment transactins (Amendments to IFRS 2)	Annual periods beginning on or after 1 January 2018
IFRIC Interpretation 22 - Foreign currency transactions and advance consideration	Annual periods beginning on or after 1 January 2018

b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of LumX and all its subsidiaries at the year-end date. Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights so as to obtain benefits from its activities.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intercompany transactions, balances and unrealised gains and losses on transactions between the Group companies are eliminated in preparing the consolidated financial statements.

1. Accounting policies (continued)

b) Basis of Consolidation (continued)

The entities consolidated within the consolidated financial statements are disclosed below:

Name	Country of incorporation/registration	In 2016	In 2015
Gottex Fund Management Sàrl ("GFM Sarl")	Switzerland	100%	100%
LumRisk SA	Switzerland	100%	100%
E.I.M. Holding S.A.	Switzerland	100%	100%
Gottex Asset Management (Suisse) SA ("GTX Suisse")[1]	Switzerland	100%	100%
Gottex Asset Management (U.K.) Limited ("GTX UK")	England and Wales	100%	100%
Gottex Management SA, SICAR ("GMSA")	Luxembourg	100%	100%
Gottex Partners (Luxembourg), Sàrl ("GP Sarl")	Luxembourg	100%	100%
Gottex US Management Sàrl ("GUS")**	Luxembourg	100%	100%
EIM Participations Luxembourg S.A.	Luxembourg	100%	100%
Gottex Fund Management Limited ("GFM US")	United States of America	100%	100%
EIM Management (USA) Inc	United States of America	100%	100%
Gottex Fund Management (Hong Kong) Limited ("GFM HK")[4]	Hong Kong	100%	100%
Gottex Asset Management (Asia) Limited ("GTX Asia")[2] †	Hong Kong	100%	100%
Gottex America Limited ("GAL")	Bermuda	100%	100%
Gottex Structured Products Limited ("GSP")	Bermuda	100%	100%
Penjing Asset Management Limited ("PAML") †	Cayman Islands	100%	100%
SWCP Cayman Limited ("SWCP")	Cayman Islands	100%	100%
ZG Advisors Proprietary Limited ("ZGA")	Australia	54%	54%
Frontier Investment Services Limited ("FISL") ††	England and Wales	0%	80%
Frontier Investment Management LLP ("FIML") ††	England and Wales	0%	80%
Frontier Investment Management (Jersey) Limited ("FIM") ††	Jersey	0%	80%
EIM (United Kingdom) Ltd[4]	England and Wales	0%	100%
EIM (Asia) Pte Limited[4]	Singapore	0%	100%
GFMH ABL Limited ("GFMH ABL")[4]	Cayman Islands	0%	50%
The Gottex Employee Benefit Trust ("EBT")[3]	Jersey	0%	0%
EIM (Monaco) SAM[4]	Monaco	0%	100%

† Together 'Penjing'
†† Together 'Frontier', deconsolidated as at 1 March 2016
** In liquidation
[1] Formerly named E.I.M. SA
[2] Formerly named Penjing Asset Management (HK) Limited
[3] Established in connection with share-based payment arrangements and consolidated in accordance with the criteria set out in IFRS 10
[4] Liquidated in 2016

1. Accounting policies (continued)

c) Going Concern

Following the recapitalisation of the Group in July and November 2016 which led to the raising of fresh equity capital of CHF 13.2 million and the conversion of debts of CHF 5.5 million, the Directors believe that these measures, coupled with the rigorous cost controls that have been implemented and the key strategic decision made to focus on the core business, will return the Group to positive operating cash flows. In particular, the Directors believe that the alternative risk premia and LumRisk initiatives should drive future growth and lead to profitability.

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 continues to be uncertainty 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 and would depend upon support from the shareholders. The key uncertainty is that the business plans, which include the disposal of a significant portion of our financial investments, are not sufficiently realised in the timescale envisaged. Our business plans also 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.

d) Revenue

Revenue comprises the fair value of the sale of services after eliminating sales within the Group and represents amounts receivable for services provided in the normal course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Management fees and other revenue generated from the Group's asset management activities are recognised in the income statement over the period for which these investment management services are provided.

The Group is entitled to earn performance fees from a number of funds if the actual investment performance of the funds' assets exceeds defined benchmarks, including high water marks, by an agreed level of outperformance in a set time period. The Group's performance fee arrangements are assessed at the interim and year end reporting dates, and the performance fees are recognised only when the performance criteria are met.

e) Referral fee expense

Referral fee expenses comprise third party commissions for client introductions and on-going client service. These costs are recognised in the income statement over the period for which the related investment management services are received.

f) Retirement benefit costs

The Group operates defined benefit pension plans for GTX CH, GFM Sàrl and LumRisk, and defined contribution pension plans for Penjing and Frontier, until the disposal of both.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependant on one or more factors such as age, years of service and compensation. The assets or liabilities recognised in the statement of financial position in respect of defined benefit pension plans represent the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in other comprehensive income.

For the defined contribution plans the Group contributes to an insurance plan on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee expense when they are accrued. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1. Accounting policies (continued)

g) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

h) Finance income and finance costs

Finance income comprises income from financial investments.

Finance costs comprise interest payable on borrowings calculated using the effective interest method.

i) Goodwill

Goodwill represents the excess of the fair value of purchase consideration over the net fair value of identifiable assets and liabilities acquired.

Goodwill is recognised as an asset at cost and subsequently measured at cost less accumulated impairment. For the purposes of impairment testing, goodwill is allocated to those cash generating units that have benefited from the acquisition. The carrying value of goodwill is reviewed for impairment at least annually or where there is an indication that goodwill may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, then the impairment loss is allocated first to reduce the carrying amount of the goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis. Any impairment of goodwill is recognised immediately in the income statement and is not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

j) Intangible assets

The costs of internally generated and acquiring bespoke asset management software have been capitalised separately as intangible assets. Internally generating intangible assets (essentially software) are capitalised provided that there is an identifiable asset that will be useful in generating future benefits. Their estimated useful lives are three years.

Investment management contracts are intangible assets recognised on the acquisition of subsidiaries. They are capitalised at their fair value at the date of acquisition and their estimated lives are five years.

Amortisation is charged so as to write-off the costs of the assets over their estimated useful lives using the straight-line method.

Intangibles are stated at cost less accumulated amortisation and impairment losses. All such intangible assets are reviewed for impairment on an annual basis or when there are indications that the carrying value may not be recoverable.

1. Accounting policies (continued)

k) Financial assets and liabilities

Investments

The Group classifies its investments in shares of strategic partners and funds as financial assets at fair value through profit or loss, designated as such at inception by management. The Group manages its investments and the performance on a fair value basis in accordance with its documented investment strategy.

Purchases and sales of investments are recognised on the settlement date – the date on which the financial asset is delivered to the entity that purchased it. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise.

The fair value of funds is determined at monthly reporting dates by management based on the net asset value of the investments, as communicated by the managers or independent administrators of the investment funds.

Trade and other receivables

Trade and other receivables are measured at initial recognition at their fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is evidence that the asset is impaired.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Throughout both years reported, cash and cash equivalents were represented by amounts held at bank.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the underlying contractual arrangements. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Borrowings

Interest bearing loans and overdrafts are initially measured at fair value net of direct issue costs and are subsequently measured at amortised cost, using the effective interest rate method. Finance charges, including premiums payable on settlement or redemptions and direct issue costs are accounted for on an amortised cost basis and taken to the income statement using the effective interest rate method, and are added to the carrying value of the instrument.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1. Accounting policies (continued)

k) Financial assets and liabilities (continued)

Equity instruments

Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

Treasury shares

Own equity instruments which are re-acquired (treasury shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments, but will be recognised directly in retained earnings.

Derivative financial instruments

The Group does not use any derivative financial instruments for speculative purposes.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

l) Unconsolidated structured entities

The majority of funds for which the Group acts as investment manager are unconsolidated structured entities. The Group has made investments into a number of these funds, which are detailed in Note 15. The Group receives investment management and performance fees from these funds and these returns vary depending on the performance of the funds.

m) Property, plant and equipment

Property, plant and equipment assets are carried at cost less accumulated depreciation and any recognised impairment in value.

Depreciation is charged so as to write-off the costs of assets, over their estimated useful lives, using the straight-line method, with the annual rates applicable to the principal categories being:

Leasehold properties	- over the lease period
Fixtures and fittings	- three years
Office equipment	- three years

n) Provisions

Provisions are recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date. Where the effect is material, the provision is determined by discounting the expected future cash flows at an appropriate discount rate.

o) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The presentational currency of the Group is USD since this is the currency in which receipts from operating activities are usually retained.

1. Accounting policies (continued)

o) Foreign currencies (continued)

Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Financial statements of foreign operations

On consolidation the assets and liabilities of the Group's overseas operations are translated into USD at exchange rates prevailing on the reporting date. Income and expense items are translated into USD at the average exchange rates for the year. Exchange differences arising, if any, are taken directly to the Group's translation reserve in equity.

p) Taxation

The tax expense included in the income statement comprises current and deferred tax. Current tax is the expected tax payable based on the taxable profit for the year, using tax rates that have been enacted by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and carried forward tax credits or tax losses to the extent that it is probable that taxable profits will be available to utilise against these assets. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

q) Share schemes

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity settled transactions").

The cost of equity settled transactions with employees is measured by reference to the fair value of the award at the date on which it is granted. The fair value of such awards is determined by reference to the share price or by using an appropriate option pricing model.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the awards ("the vesting date").

1. Accounting policies (continued)

q) Share schemes (continued)

The cumulative expense recognised for the equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the numbers of equity instruments that will ultimately vest. The income statement charge for a period represents the movements in cumulative expenses recognised at the beginning and end of that period. No expense is recognised for awards that ultimately do not vest. There are no cash settled awards.

r) Critical accounting judgements and key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future and exercises judgement in applying its accounting policies. This could mean that the resulting accounting estimates are different from the related actual results; however such estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that may have a significant impact on the carrying amounts of assets and liabilities within the next financial year or require significant judgement in applying accounting policies are discussed below.

Retirement benefits

The actuarial valuation of the defined benefit obligations uses the projected unit credit method, and management's best estimate of the discount rate on the defined benefit obligations, the expected rate of compensation increase, retirement ages of employees and the mortality rate. The Group's obligations under the defined benefit plans are measured separately for each plan by estimating the amount of employees' future benefits that relates to services rendered during the current and prior periods. Changes in assumptions may result in changes in other comprehensive income.

Taxation

The Group has recognised certain operating losses incurred as deferred tax assets. The valuations of these assets are subject to estimates and judgements, and changes in the estimate of the utilisation of tax losses could have a significant effect on the Group's income statement in future periods.

Valuations

The Group holds investments in certain funds which are recorded at fair value through profit or loss at inception. Subsequent measurement of the fair value is determined at monthly reporting dates by management based on net asset values of the investments, as communicated by managers or independent administrators of the investment funds.

There is an internal process in place in the Group which monitors and verifies the valuations continuously and in addition the Group's global pricing committee formally review the valuations on a case by case basis.

The Group holds investments in common shares classified at fair value through profit and loss at inception. Subsequent measurement of the fair value is determined using a discounted cash flow value at the date of the reporting.

These valuations are subject to estimates and judgements which could affect the net asset valuation determined or the discounted cash flow value which could in turn have a significant effect on the carrying amount of assets recognised in the Group's statement of financial position.

Impairment testing on intangibles assets

Goodwill from acquisitions is tested annually for impairment. Such impairment reviews are based on the best estimates available at the date of review, and changes in the underlying assumptions could lead to a change in future periods.

2. Revenue

The revenue of the Group may be analysed as follows:

Management fees

The Group earns investment management fees. These fees are recognised in the accounting period in which the relevant services are provided. The fees are usually receivable monthly or quarterly in arrears.

Performance fees

The Group earns investment management performance fees based on performance of investments. The fees are usually receivable semi-annually in arrears. 25% of performance fees for certain funds are deferred each year and held in escrow for two years, after which they are released to the income statement only if certain hurdles have continued to be met.

Advisory fees

The Group earns advisory fees in connection with advisory mandates, managed on a non-discretionary basis.

LumRisk fees

The Group earns on-boarding and running fees in connection with the activities of its subsidiary LumRisk. The on-boarding fees are received at the beginning of the relation and are not recurring. Consequently, they are recognised during the period when the contract is signed. The recurring fees are usually paid annually or quarterly in arrears and are recognised on an accrual basis.

	2016 USD 000	2015 USD 000
Management fees	16,395	27,002
Performance fees	343	4,344
Advisory fees	173	854
Other fees	547	162
LumRisk fees	325	-
Total revenue	**17,783**	**32,362**

3. Referral fee expense

Referral fee expenses comprise third party commissions for client introductions and on-going client service.

	2016 USD 000	2015 USD 000
Management fees	1,816	1,020
Performance fees	-	286
	1,816	**1,306**

During the year 2015, management determined it was appropriate to release an accrual of USD 1.5 million relating to historic referral fees which are now highly unlikely to remain payable.

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.

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.

4.1 Information about products and services

The revenue has been analysed by revenue type in the table below:

Revenue	2016 USD 000	2015 USD 000
Alternative solutions	16,490	27,450
Multi-asset solutions	968	2,912
LumRisk	325	-
	17,783	**32,362**

To reflect the growing importance of LumRisk to the Company's business growth, revenues are displayed separately since 2016.

Information about geographical areas

The revenue has been analysed by the country of origin of the customer, i.e. the domicile of the fund.

Revenue	2016 USD 000	2015 USD 000
Europe	8,756	15,605
Asia Pacific	6,422	8,112
Cayman Islands	69	5,555
North America	2,414	2,764
British Virgin Islands	123	326
	17,783	**32,362**

Non-current assets by main geographical location located in the country of domicile are nil. The Group's non-current assets located in foreign countries are presented below:

At 31 December 2016	Switzerland USD 000	Monaco USD 000	Other USD 000	Total USD 000
Goodwill	21,135	-	-	21,135
PPE	185	-	79	264
Intangible assets	3,766	-	-	3,766
Investment in associate	-	2,475	-	2,475
	25,086	**2,475**	**79**	**27,640**

4. Segmental analysis of results (continued)

At 31 December 2015	Switzerland USD 000	Monaco USD 000	Other USD 000	Total USD 000
Goodwill	21,135	-	-	21,135
PPE	247	-	252	499
Intangible assets	4,763	-	-	4,763
Investment in associate	-	2,496	-	2,496
	26,145	**2,496**	**252**	**28,893**

Information about major customers

Approximately 64,5% of revenue in the 12 months to 31 December 2016 (41.8% of revenue in the 12 months to 31 December 2015) came from 2 mandates. Except for those shown in the table below, no mandate accounts for 5% or more of the Group's revenue in 2016. Further analysis is shown in the table below.

	Year to 31 December 2016		Year to 31 December 2015	
	Revenue USD 000	Revenue %	Revenue USD 000	Revenue %
Mandate 1	5,902	33.2%	7,224	22.3%
Mandate 2	5,566	31.3%	6,317	19.5%
Mandate 3	-	0%	2,326	7.2%
Mandate 4	30	0.2%	1,825	5.6%
Mandate 5	254	1.4%	1,260	3.9%
Mandate 6	21	0.1%	1,160	3.6%
Other	6,010	33.8%	12,250	37.9%
	17,783	**100%**	**32,362**	**100.0%**

5. Operating costs

	Note	2016 USD 000	2015 USD 000
Personnel expenses: before acquisition-related charges and restructuring charges		13,052	24,464
Personnel expenses: acquisition-related charges	7	-	124
Personnel expenses: pension credit (IAS 19)	21	(919)	(1,634)
Personnel expenses	**6**	**12,133**	**22,954**
General and administrative expenses before acquisition-related charges and restructuring charges		9,108	12,000
General and administrative expenses: acquisition-related charges	7	1,210	2,885
General and administrative expenses		**10,318**	**14,885**
Marketing and representation services		590	1,141
		23,041	**38,980**

Acquisition–related charges comprise costs arising only in connection with the acquisition of subsidiaries, and include amortisation charges and the deferred consideration in respect of the acquisitions that are required to be expensed through the income statement. They do not reflect the operating expenses of the subsidiary acquired.

For the year ended 31 December 2016, acquisition-related charges comprise amortisation charges.

5. Operating costs (continued)

Operating costs are stated after charging amounts included within general and administrative expenses as follows:

	Note	2016 USD 000	2015 USD 000
Amortisation of intangible assets	14	1,496	2,318
Impairment of intangible assets	14	-	804
Depreciation of property, plant and equipment	17	373	691
Operating lease charges – land and buildings		1,456	2,327
Auditors' remuneration (see below)		587	1,253
Foreign exchange (gains)/losses		624	(72)

Fees payable to the Group's auditors, included in the income statement related to:

	2016 USD 000	2015 USD 000
Audit fees	539	1,224
Non-audit fees	48	29
	587	**1,253**

Fees payable to auditors of entities within the group, other than the Group's auditors were USD nil (2015: USD 0.2 million).

6. Personnel expenses and employees

a) Personnel expenses

The aggregate remuneration of employees (including executive directors) was:

	Note	2016 USD 000	2015 USD 000
Wages and salaries		10,991	21,027
Social security expenses		951	722
Net pension (credit)/cost		(458)	(642)
Share-based payments	25	(240)	748
Sundry personnel expenses		889	1,099
		12,133	**22,954**

b) Employee numbers

The average full time equivalent number of employees (including executive directors), was:

Number	2016	2015
Number of employees – average during the year	66	114
Number of employees – at 31 December	58	92

7. Acquisition-related charges

	Note	2016 USD 000	2015 USD 000
Frontier adjustment to deferred consideration		-	(95)
Penjing adjustment to deferred consideration		-	(96)
Acquisition-related (credit)/debit charges on the face of the Income Statement		**-**	**(191)**
Acquisition-related personnel expenses	5	-	124
Amortisation of intangible asset	14	1,210	2,081
Impairment of intangible asset	14	-	804
Impairment of goodwill	13	-	3,492
Total acquisition-related charges included with operating costs		**1,210**	**6,501**
Acquisition-related finance income		-	(688)
Total acquisition-related charges included in loss before tax		**1,210**	**5,622**

Acquisition related charges in 2016 relate to charges associated with the acquisition of EIM.

8. Finance income

	Note	2016 USD 000	2015 USD 000
Movement in value of put option liability	30	-	688
Income from investments		258	109
		258	**797**

9. Finance cost

	Note	2016 USD 000	2015 USD 000
Interest payable on loans (including loans from related parties)	27	200	183
		200	**183**

10. 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:

	Note	2016 USD 000	2015 USD 000
HSG		94	-
GFM ABL		(176)	(217)
Other investments		(181)	(21)
	15	**(263)**	**(238)**

11. Income tax charge/(credit)

	2016 USD 000	2015 USD 000
Current tax – current year	12	35
Current tax – prior year	(209)	126
Current tax	**(197)**	**161**
Deferred tax	**774**	**(260)**
Total	**577**	**(99)**
Effective Group tax rate	*(7.8)%*	*1.1%*

Reconciliation of the taxation charge/(credit)

	2016 USD 000	2015 USD 000
Weighted average Group tax rate % *	20.5%	20.7%
Expected Group tax (income)	(1,516)	(3,718)
Non-recognition of tax losses**	2,302	3,342
Non-deductible expense for tax purposes–impairment of goodwill	-	151
Adjustment in respect of prior years	(209)	126
	577	**(99)**

* The weighted average Group tax rate is calculated taking into account the official tax rate of the countries that the Group's various entities are registered in and their individual contributions to the losses for the year. As the Group operated in different jurisdictions, the tax rate may vary.
** At 31 December 2016, the Group had approximately USD 70.0 million (2015: USD 67.0 million) of carried forward tax losses which had not been recognised at the reporting date. These tax losses do not time expire except for losses in Switzerland which expire after seven years.

At 31 December 2016, the Group had approximately USD 6.2 million (2015: USD 10.5 million) of carried forward tax losses which would be available to offset against future taxable income and a related deferred tax asset of USD 1.9 million, before set-off of USD 1.2 million was recognised in the statement of financial position of the Group (2015: USD 2.2 million). The Group recognised a deferred tax asset of nil million (2015: USD 0.2 million) related to share based payments.

12. 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

	2016 USD 000	2015 USD 000
Net loss attributable to ordinary equity holders of the parent for basic and diluted loss per share	7,833	(17,120)
Basic and diluted loss per share	(0.12)	(0.38)

12. Loss per share (continued)

	2016	2015
Weighted average number of ordinary shares (excluding treasury shares) for basic loss per share	67,304	44,641
Adjustments for dilutive potential ordinary shares	-	-
Weighted average number of ordinary shares (excluding treasury shares) for diluted loss per share	67,304	44,641

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 year ended 31 December 2016 and 31 December 2015 of the Group's potential ordinary shares would be anti-dilutive and therefore have been excluded from the calculation above.

13. Goodwill

Over the last three years the Group has acquired several businesses and goodwill from these acquisitions is presented in the following table:

	EIM USD 000	Penjing USD 000	Frontier USD 000	Total USD 000
Cost				
At 1 January 2015	21,135	5,283	4,841	31,259
Disposal	-	(5,283)	-	(5,283)
Translation differences	-	-	(221)	(221)
At 31 December 2015	**21,135**	**-**	**4,620**	**25,755**
Impairment				
At 1 January 2015	-	-	(1,210)	(1,210)
Impairment in year	-	-	(3,492)	(3,492)
Translation differences	-	-	82	82
At 31 December 2015	**-**	**-**	**(4,620)**	**(4,620)**
Net book value at 31 December 2015	**21,135**	**-**	**-**	**21,135**
Net book value at 31 December 2016	**21,135**	**-**	**-**	**21,135**

Impairment testing

At 31 December 2016 the goodwill recognised on the EIM acquisition was tested for impairment by comparing the carrying value of the cash generating unit to its recoverable amount. The goodwill from the EIM acquisition was allocated to the entire LumX business which is where synergies were expected from the acquisition. The management reviews the results, costs, assets and liabilities on a Group basis and all significant decisions are based upon the analysis of the Group as one segment.

13. Goodwill (continued)

Management's key assumptions used in determining the recoverable amount, which was based on the value in use calculation are as follows:

> forecast EBITDA determined based on three years forecasts and projections prepared by management and approved by the Board;

> long-term growth rate of 1.5% (2015: 1.5%) determined based on management's expectations of economic growth in the relevant markets;

> pre-tax risk adjusted discount rate of 8.8% (2015: 10.3%) based on the risk free rate for 10 year government bonds, adjusted for the equity market risk premium and the risk adjustment beta, applied to reflect the risk of the specific cash generating unit relative to the market as a whole.

The recoverable of the business exceeds its carrying value by around 1.5 million based on these key assumptions, however a relatively small change in these assumptions would reduce the recoverable amount down to the carrying value. The Group has performed a sensitivity analysis based on the following reasonably possible changes: a 20% decrease of growth expected on Alternative Risk Premium, a 1% increase in the discount rate and a zero long term growth rate. Were such reasonably possible changes to occur, this would materially affect the recoverable amount of the Group and result in a carrying value in excess of the recoverable value.

Based on the analysis performed, management believe that no impairment of the goodwill is required. This assessment is supported by management's assessment of the low likelihood of negative movements in the key assumptions. Management also believe that on a fair value basis the value of the business would be higher than on a value in use basis, based on sector in which the LumRisk business operates. Failure to meet certain of those assumptions could have an impact on the estimated recoverable amount of the Group.

Frontier

At 31 December 2015 all assets and liabilities of Frontier were transferred to assets and liabilities held for sale. Immediately before this reclassification the carrying amount of this disposal group, including the goodwill, was assessed against the expected proceeds/benefits from disposal of Frontier estimated at USD 0.4 million, representing the purchase consideration including the cancellation of the put option liability.

A full impairment of the goodwill of USD 3.5 million as well as the major part of the carrying amount of the intangible assets of Frontier was accounted for in 2015. Further details are described in Note 30.

Penjing

The Group disposed of the Penjing business on 1 October 2015, and the associated assets disposed of included all of the Penjing goodwill of USD 5.3 million (Note 30).

14. Intangible assets

Intangible assets comprise capitalised investment management contracts acquired in business combinations and capitalised bespoke asset management software costs. The amortisation period for these assets is over a range of three to five years.

	Software internallly generated USD 000	Software USD 000	Investment Management contracts USD 000	Total USD 000
Cost				
At 1 January 2015	-	6,082	9,889	15,971
Additions	-	204	-	204
Disposals	-	(118)	(1,690)	(1,808)
Reclassification to assets held for sale	-	-	(1,957)	(1,957)
Translation differences	-	-	(94)	(94)
At 31 December 2015	**-**	**6,168**	**6,148**	**12,316**
Accumulated amortisation				
At 1 January 2015	-	(5,853)	(1,742)	(7,595)
Amortisation charge	-	(237)	(2,081)	(2,318)
Impairment for the year	-	-	(804)	(804)
Disposals	-	118	1,061	1,179
Reclassification to assets held for sale	-	-	1,941	1,941
Translation differences	-	-	44	44
At 31 December 2015	**-**	**(5,972)**	**(1,581)**	**(7,553)**
Net book value at 31 December 2015	**-**	**196**	**4,567**	**4,763**
Cost				
At 1 January 2016	-	6,168	6,148	12,316
Additions	348	161	-	509
Disposals	-	-	-	-
Translation differences	-	30	-	30
At 31 December 2016	**348**	**6,359**	**6,148**	**12,855**
Accumulated amortisation				-
At 1 January 2016	-	(5,972)	(1,581)	(7,553)
Amortisation charge	-	(286)	(1,210)	(1,496)
Disposals	-	-	-	-
Translation differences	-	(30)	-	(31)
At 31 December 2016	**-**	**(6,288)**	**(2,791)**	**(9,079)**
Net book value at 31 December 2016	**348**	**71**	**3,357**	**3,776**

In 2016, the Company capitalised internal costs of USD 0.3 million in connection with the development of LumRisk.

15. Financial investments

Financial investments consist principally of investments in strategic partners, and includes investments in funds under liquidation and all are recorded at fair value through profit or loss.

Since 10 October 2015, the Group classifies its revenue sharing arrangements with Penjing and its 15% holding of Man Lung convertible shares as financial assets at fair value through profit and loss (Note 30). The fair value has been determined using a discounted cash flow value at the date of reporting.

Since 8 October 2015, the Group classifies its investment in HSG as investment in common shares when significant influence was lost. The fair value has been determined using a discounted cash flow approach.

		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
At 1 January 2016		
Additions		-
Disposals		(731)
Revaluation to fair value		(263)
Translation differences		-
At 31 December 2016		4,960

The movements in the year include USD 0.2 million from the liquidation of EIM Long Only SICAV, USD 0.2 million from various investments sold or liquidated.

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.

USD 000	31 December 2016			31 December 2015		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Financial investments	41	4,919	4,960	463	5,491	5,954

15. Financial investments (continued)

The following table presents additional information about Level 3 financial investments measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Group has classified within the Level 3 category. As a result, the gains and losses for financial investments within the Level 3 category may include changes in fair value that were attributable to both observable (e.g. changes in market interest rates) and unobservable (e.g. changes in unobservable long-dated volatilities, management fee, incentive fee and dividend fee projections) inputs.

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

	2016 USD 000	2015 USD 000
Balance at 1 January	5,491	1,777
Net loss in year, shown in the income statement	(249)	(272)
Additions	-	4,338
Disposal at fair value	(323)	(352)
Balance at 31 December	**4,919**	**5,491**

There were no transfers between Level 2 and Level 3 in the years ended 31 December 2016 and 31 December 2015. The loss during the year ended 31 December 2016 for financial investments that were held as at 31 December 2016 is USD 0.2 million (2015: USD 0.3 million) and is presented within the consolidated income statement.

16. Investments in associates and joint ventures

At 31 December 2016 the Group has one individually material associate Personalised Portfolio Management 2PM ("2PM"), the other investments in associates and joint ventures are not material.

	Carrying Amounts		Share of Results	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Investments in Associates	2,475	2,496	100	529
Investments in Joint Ventures	-	-	-	(224)
Total	**2,475**	**2,496**	**100**	**256**

Personalised Portfolios Management 2PM

The Group acquired an interest in 2PM as part of the acquisition of the EIM Group in September 2014. It accounts for its interest of 37.04% in 2PM as an associate using the equity accounting method in the consolidated financial statements from the date of acquisition.

The Group has significant influence over the operations of the business and therefore has accounted for the investment as an associate using the equity method.

The Group's share of the profit of the 2PM group for the year is USD 0.1 million (2015: 0.3 million).

16. Investment in joint ventures and associates (continued)

During the year ended 31 December 2016, the Group received a dividend of USD 38,000 from 2PM (2015: USD 42,000).

The summarised financial information of the Group's investments in associates (after excluding all flows to/from and balances in/with Group entities) is as follows:

	2016 USD 000	2015 USD 000
Revenue	6,302	7,606
Profit/other comprehensive income	374	690
Current assets	2,695	2,629
Non-current assets	2,466	2,399
Current liabilities	(2,018)	(1,381)
Non-current liabilities	(649)	(710)
Total net assets	**2,494**	**2,937**
Groups share of net assets	923	1,088
Goodwill	1,552	1,408
Carrying amount	**2,475**	**2,496**

ERG

On 11 January 2012, the Group invested USD 26,000 in ERG. The Group has accounted for ERG as a joint venture under the equity method. At 31 December 2015, the carrying amount was 0.

The joint venture with ERG as sold during the year ended 31 December 2016. No gain or loss was generated by this and no consideration was received.

17. Property, plant and equipment

	Short term leasehold USD 000	Fixtures & fittings USD 000	Office equipment USD 000	Total USD 000
Net book value at 31 December 2015	57	114	328	499
Net book value at 31 December 2016	4	44	216	264

The Group held no assets under finance leases during any of the years reported.

18. Trade debtors and other receivables

	2016 USD 000	2015 USD 000
Current receivables		
Trade debtors	1,995	2,609
Total trade debtors	**1,995**	**2,609**
Amount due from related parties	155	246
Other debtors	595	2,217
Prepayments and accrued income	808	960
Total other receivables	**1,558**	**3,423**
Non-current receivables		
Other receivables	136	371
Total trade debtors and other receivables	**3,689**	**6,403**

Current receivables

Trade debtors and other receivables principally comprise amounts due for management and performance fees and loans. The Directors consider that the carrying amount of trade debtors and other receivables approximates their fair value.

Trade and other receivables are non-interest bearing. At 31 December 2016, the Group carried out an impairment review.

For terms and conditions relating to related parties, refer to Note 27.

Non-current receivables

Non-current receivables are comprised of USD 0.1 million in respect of rental deposits (2015: USD 0.4 million).

19. Trade creditors and other payables

	Note	2016 USD 000	2015 USD 000
Current liabilities			
Trade creditors		1,596	3,776
Total trade creditors		**1,596**	**3,776**
Amount due to related parties	27	2,074	5,084
Other tax and social security		302	1,349
Other creditors		2,776	6,371
Accruals		2,280	3,514
Total other payables		**7,432**	**16,318**
Total current liabilities		**9,028**	**20,094**
Non-current liabilities			
Amounts due to related parties	27	-	4,011
Other creditors		1,594	-
Retirement benefit liability	21	3,027	3,210
Accruals		227	20
Total non-current liabilities		**4,848**	**7,241**
Total trade creditors and other payables		**13,876**	**27,335**

Trade creditors principally comprise amounts outstanding for referral fee expenses and on-going costs. The Directors consider that the carrying amount of trade payables approximates to their fair value. Trade and other payables are non-interest bearing and are normally settled on 60 to 90 day terms in the case of trade payables and on a specific case by case basis for other payables.

During the year 2016, the Company reduced its debt to shareholders from USD 9.0 million to USD 2.0 million (Note 27) and reduced the outstanding amounts due to third party marketing agents from USD 5.5 million to USD 3.4 million, as at 31 Decemver 2016. (Note 28).

20. Deferred tax assets/(liabilities)

The following are the components of the deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting period.

	Deferred tax asset – Losses USD 000	Deferred tax asset - Share-based payments USD 000	Deferred tax asset - Accelerated depreciation USD 000	Deferred tax asset - Retirement benefit Liability USD 000	Total Deferred Tax Asset USD 000	Deferred Tax Liability – Intangible Asset USD 000	Net deferred tax balance USD 000
At 1 January 2015	2,372	255	7	899	**3,533**	(1,498)	**2,035**
(Debited)/credited to income	-	-	-	(253)	**(253)**	513	**260**
Debited to other comprehensive income	-	-	-	(85)	**(85)**	-	**(85)**
Transferred to assets held for sale	-	-	-	-	**-**	3	**3**
Translation	(126)	(12)	-	5	**(133)**	10	**(123)**
At 31 December 2015	2,246	243	7	566	**3,062**	(972)	**2,090**
Offset[1]	(899)	-	-	-	**(899)**	899	**-**
At 31 December 2015	**1,347**	**243**	**7**	**566**	**2,163**	**(73)**	**2,090**
At 1 January 2016	2,246	243	7	566	**3,062**	(972)	**2,090**
(Debited)/credited to income	(116)	(220)		(163)	**(499)**	(275)	**(774)**
Credited to other comprehensive income	-	-	-	142	**142**	-	**142**
Translation	(178)	(23)	(1)	(18)	**(220)**	-	**(220)**
At 31 December 2016	1,952	-	6	527	**2,485**	(1,247)	**1,238**
Offset[1]	(1,247)	-	-	-	**(1,247)**	1,247	**-**
At 31 December 2016	**705**	**-**	**6**	**527**	**1,238**	**-**	**1,238**

[1] Deferred tax assets and liabilities within the same legal entity of USD 1.2 million (2015: USD 0.9 million) have been set off in the consolidated balance sheet.

21. Retirement benefits

The Group provides post-employment benefits to its employees in accordance with the local statutory regulations of the countries in which its employees are located.

Defined Contribution Plan

During the year ended 31 December 2016 the Group operated defined contribution schemes for all of the employees of Frontier, until the disposal and one employee of GTX UK. The total contributions for the years ended 31 December 2016 and 31 December 2015 were USD 0.1 and USD 0.1 million respectively.

Defined Benefit Plan

GTX CH, GFM Sàrl and LumRisk operate a defined benefit scheme for all of their employees with Fondation Collective Swiss Life whereby the employer contributes at least as much as the employee.

The Companies' obligations under the Swiss pension schemes are to pay defined contributions. However in accordance with the Swiss law 'LPP/BVG', the pension schemes incorporate certain guarantees, such as minimum interest accumulation at defined rates, conversion of capital at defined rates upon transfer of vested benefits and potential life-long pension annuities. The pension schemes have been reported as defined benefit pension plans in accordance with IFRS.

21. Retirement benefits (continued)

The pension plans are maintained by foundations that are separate legal entities from the companies. The plans provide coverage to all Switzerland-domiciled employees for retirement, death and disability.

The Foundations are governed by a board of trustees and supervised by the Supervisory Authority.

The liability recognised in the consolidated statement of financial position in respect of the defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Service costs and net interest on the net defined benefit liability are recognised immediately in the income statement.

The table below outlines where the Group's post-employment amounts related to the Swiss pension schemes are included in the financial statements.

A reconciliation of the present value of the defined benefit obligation and the fair value of scheme assets to the assets and liabilities recognised in the statement of financial position is as follows:

	2016 USD 000	2015 USD 000
Present value of defined benefit obligations	(9,060)	(9,561)
Fair value of scheme assets	6,032	6,351
Liability recognised in the statement of financial position	**(3,028)**	**(3,210)**
Net (credit)/expense recognised in the income statement	**(455)**	**(725)**
Recognised in the defined benefit scheme obligations		
Actuarial gains/(losses) due to financial assumptions	(160)	226
Actuarial gains/(losses) due to demographic assumptions	73	-
Experience adjustments	(655)	1308
	(742)	**1,534**
Recognised in the defined benefit scheme assets		
(Loss)/return on scheme assets excluding interest	68	(1,126)
Net income/(expense) recognised in other comprehensive income (pre-tax)	**(674)**	**408**

Experience adjustments arose mainly as a result of higher than estimated staff turnover.

The significant actuarial assumptions used in the actuarial valuations include:

	2016	2015
Weighted discount rate	0.68%	0.90%
Weighted average duration of liabilities	19.6 years	19.4 years

21. Retirement benefits (continued)

The sensitivity of the defined benefit obligation ("DBO") to changes in the weighted principal assumptions is:

Sensitivity Analysis	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate 2016	0.10%	-1.90%	+1.96%
Discount rate 2015	0.25%	-2.70%	+2.60%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The expense recognised in personnel expenses in the income statement was as follows:

	2016 USD 000	2015 USD 000
Current service cost	(428)	(830)
Past service (credit)/loss	-	724
Curtailment credit	919	910
Net Interest cost	(18)	(51)
Administration costs	(18)	(28)
Total income/(expenses) included in the income statement	**455**	**725**

During 2016 certain material exits of members occurred, which have resulted in a curtailment reduction of the pension expense by USD 0.9 million in the year ended 31 December 2016 (2015: USD 0.9 million).

21. Retirement benefits (continued)

Movements in the present value of the defined benefit scheme obligations in the two years were as follows:

	2016 USD 000	2015 USD 000
At 1 January	(9,561)	(14,368)
Current service cost	(428)	(830)
Past service (cost)/credit	-	724
Interest cost	(55)	(150)
Contributions from employees	(294)	(346)
Actuarial gains/(losses) - financial assumptions	(160)	226
Actuarial gain/(losses) - demographic assumptions	73	-
Actuarial gains/(losses) - experience adjustments	(655)	1,308
Benefits paid/transferred	(432)	451
Curtailments	2,195	3,524
Translation differences	257	(100)
At 31 December	**(9,060)**	**(9,561)**

Movements in the fair value of defined benefit scheme assets in the year were as follows:

	2016 USD 000	2015 USD 000
At 1 January	6,351	9,585
Interest on scheme assets	37	99
(Loss)/return on scheme assets excluding interest	68	(1,126)
Contributions from employer	294	445
Contributions from employees	294	346
Benefits paid/transferred	432	(451)
Settlements/curtailments	(1,276)	(2,614)
Translation differences	(168)	67
At 31 December	**6,032**	**6,351**

21. Retirement benefits (continued)

The pension fund assets are not invested separately for each employer but globally. The weighted actual allocation at 31 December 2016 and 31 December 2015 is shown below:

31 December 2016	Quoted	Unquoted	Total
Cash	-	0.7%	0.7%
Equities	24.9%	-	24.9%
Bonds	44.4%	-	44.4%
Real estate	21.6%	-	21.6%
Other investments	8.4%	-	8.4%
	99.3%	**0.7%**	**100%**

31 December 2015	Quoted	Unquoted	Total
Cash	-	2.5%	2.5%
Equities	17.7%	-	17.7%
Bonds	54.9%	-	54.9%
Real estate	19.1%	-	19.1%
Other investments	5.8%	-	5.8%
	97.5%	**2.5%**	**100.0%**

The entity expects to pay employer contributions of USD 0.6 million to its defined benefit plans in 2017.

22. Operating lease commitments

Minimum lease payments under non-cancellable leases are payable as follows:

	2016 USD 000	2015 USD 000
Land and buildings		
Within one year	1,090	2,416
Between one and five years	2,191	3,363
More than five years	1,029	1,426
	4,311	**7,205**

The Group leases various properties under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

Within the above amounts are total minimum receivables from sub-leases of USD 3.4 million (2015: USD 4.8 million).

23. 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 31 December 2016 which are considered possible, but not probable, of crystallisation are not quantifiable.

Procedure

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. The parties met in January 2017, but were not able to agree on a settlement. The counterparty has to file a procedure against the Company. At this stage a contingent liability is considered possible, but not probable. A quantification is not possible at this stage.

24. Capital and reserves

a) Allotted and fully paid capital

At 31 December 2016, the Company has 105,495,667 shares with a nominal value of CHF 0.10.

b) Movement in allotted and fully paid up share capital

	Number of shares	Nominal value CHF 000
At 1 January 2015 and 31 December 2015	48,502,184	48,502
Capital increase	56,993,483	18,778
Less reduction of nominal value	-	(56,730)
At 31 December 2016	**105,495,667**	**10,550**

Movements in share capital in the year to 31 December 2016

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 28) were issued to Rozel (Channel Islands) Limited, a major shareholder, in satisfaction of the various loans then owed to them.

On 2 November 2016, the Board resolved to issue a second tranche of 20,000,000 new shares at an issue price of CHF 0.31 per share, for a total consideration of CHF 6.2 million. The total number of new shares issued were allocated to a group of new investors.

24. Capital and reserves (continued)

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 0.5 million in relation to the recapitalisation which, at 31 December 2016, have been accounted for against equity.

Rights of shareholders

Shareholders have the right to attend and to vote at a general meeting. Each share carries one vote. The Company may by ordinary resolution declare dividends in accordance with the respective rights of the shareholders. In the case of a winding-up, shareholders have the right to a pro rata share of any surplus.

Treasury shares

Investments in shares of LumX held by the EBT and own shares held by LumX are classified in equity as treasury shares and are accounted for at historical cost.

Translation reserve

The movement in the translation reserve comprises all foreign exchange differences arising from the translation of the financial results of foreign entities included in the consolidation.

Share-based payment reserve

The share-based payment reserve represents the charges made under IFRS 2 'Share-based payments' discussed in Note 25. In addition, on the vesting of awards, the cancellation of awards and the issue of shares, transfers are made from the share-based payment reserve to other components of equity.

Pooling and other reserves

The balance of the pooling and other reserves arose from the pooling of interest accounting on the purchase of subsidiaries and the reclassification of reserves in 2007, and the subsequent transfer of cancelled share premium in 2008.

25. Share-based payments

	2016 USD 000	2015 USD 000
Share-based payment reserve in equity		
At 1 January	9,576	10,418
Recognised in the income statement – share-based payments	(240)	839
Recognised in the income statement – share-based payments relating to acquisitions	-	(91)
Total recognised in the Income Statement	**(240)**	**748**
Reclassification/utilisation during the year	(8,940)	(1,590)
At 31 December	**396**	**9,576**

25. Share-based payments (continued)

Share Awards

Since the listing in 2007, the Group made awards of shares or options to employees under various share award schemes. The fair value of each award made was estimated by reference to the share price at the date of grant with an appropriate adjustment for expected dividends foregone, where appropriate.

The Group has recognised a credit of USD 0.2 million related to it's share-based payments and an expense of USD 0.7 million in 2015. No new awards were made in 2016.

As at 31 December 2016, the unvested shares are 275,000 shares (2015 : 400,000)

Movement in Share Awards	2016 Number	2015 Number
Outstanding at the beginning of the year	400,000	511,351
Granted	-	200,000
Forfeited	(100,000)	(251,401)
Vested	(125,000)	(59,950)
Outstanding, subject to vesting	**275,000**	**400,000**

The remaining shares will vest at 31 December 2017 and are not subject to any conditions other that the respective employee remains an employee of the Group.

As at 31 December 2016, the Group had share options outstanding under two plans as follows:

Movement in Option Awards	2016 Number	Weighted average exercise price	2015 Number	Weighted average exercise price
Outstanding at the beginning of the year	21,548	CHF 7.40	45,497	CHF 7.40
Expired	(19,414)	CHF 7.40	(23,949)	CHF 7.40
Total outstanding at the end of the year	**2,134**		**21,548**	
Of which exercisable at the end of the year	2,134		21,548	

The remaining outstanding options at 31 December 2016 expired on 31 January 2017.

25. Share-based payments (continued)

The Group had a shares option plan granted in January 2008 which expired in January 2016.

Movement in Option Awards	2016 Number	Weighted average exercise price	2015 Number	Weighted average exercise price
Outstanding at the beginning of the year	65,280	CHF 58.50	184,704	CHF 58.50
Expired	(65,280)	CHF 58.50	(119,424)	CHF 58.50
Total outstanding at the end of the year	**-**	**-**	**65,280**	**CHF 58.50**
Of which exercisable at the end of the year	-		65,280	

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 31 December 2016, the EBT held 1,021,267 shares (2015: 3,366,789 shares) in LumX which had a fair market value of USD 0.3 million (2015: USD 1.8 million). The market price per share at 31 December 2016 and 31 December 2015 was USD 0.31 and USD 0.54 respectively.

26. Financial risk management

Financial risk management relates to risk to the Group in respect of its own assets and liabilities, risks to the investments in common shares, and risks to the fund products and accounts to which it provides investment management services. In the latter case, this primarily relates to a decline in the value of assets under management due to a decrease in asset values or net redemptions that would lead to a decline in fee income. For investments in common shares, the risks relate to a decline in the fair value of the investment due to a decrease in income.

The Group has limited exposure to financial instruments in respect of its own assets and liabilities, which include fund investments, cash deposits, trade debtors and other receivables, trade creditors and other payables and loans to funds for which it acts as investment manager. The Group has exposure to financial instruments in respect of its investments in common shares of strategic partners.

The Group does not enter into any speculative derivative transactions. From time to time the Group may enter into certain derivative transactions in order to risk manage its foreign exchange exposure.

The main risks arising from financial instruments are foreign currency risk, net asset value risk, credit risk and liquidity risk, and limited exposure to interest rate risk. The Directors review and agree policies for managing each of these risks which are summarised below.

Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, interest rate risk, and net asset value risk.

26. Financial risk management (continued)

a) Foreign currency risk

Foreign currency risk is the risk that the Group will sustain losses through adverse movements in currency exchange rates. The Group's exposure to foreign currency risk is limited as the majority of the Group's transactions are carried out in USD, which is the functional currency of most Group entities. Exposures to currency exchange rates arise from financial instruments such as cash and cash equivalents, trade debtors and other receivables and trade creditors and other payables held in currencies other than functional currencies within the Group's subsidiaries. The principal exposure arises from such financial instruments denominated in Swiss Francs, Sterling and Euro.

The following table illustrates the sensitivity of the currency valuation of the Group's financial investments at the year-end on the net result before tax for the year. The sensitivity analysis is based on the Group's financial instruments held in currency, namely Swiss Francs (CHF), Sterling (GBP) and Euro (EUR) exchange rates against the USD, at each reporting date and assumes all other variables remain constant. The percentages used have been determined based on the average market volatility in exchange rates for the 12 months prior to the year end.

	Volatility		Effect on net result before tax	
	2016 %	2015 %	2016 USD m	2015 USD m
CHF/USD	2.2%	3.1	Less than 0.1	Less than 0.1
GBP/USD	8.6%	3.0	Less than 0.3	Less than 0.1
EUR/USD	2.9%	2.2	Less than 0.1	Less than 0.1

In all of the above scenarios, there would be no impact on equity other than retained earnings/accumulated losses.

b) Interest rate risk

The Group's main exposure to market interest rates was on the loans from related parties (Note 27) which was calculated on US dollar 3 month Libor plus 2.5%. However, since these loans have been repaid or converted into equity, the risk is not material. In addition, the Group has very limited exposure to changes in market interest rates relating to its holding in cash and cash equivalents. Almost all of the cash balances are held in current accounts which do not attract interest and any likely changes to interest rates would have an insignificant effect on the Group's net result.

Consequently, no sensitivity analysis has been performed on the interest rate risk, as the balance sheet at 31 December 2016 is not exposed to this risk.

c) Net asset value risk/valuation risk

The Group is exposed to the price risk in terms of the value of its investments in funds held at fair value through profit or loss which are valued based of the net asset value as communicated by the managers or the independent administrators of the investment funds. At 31 December 2016, such funds represent USD 0.8 million on which USD 0.7 million is the investment made by the Group in its real asset fund "GRAF". The impact of a decrease/increase in fair value of 10% of these investments would impact the net result for the year by USD 0.1 million. (2015: USD 0.1%)

For the investment in common shares of strategic partners, the Group is exposed to valuation risk. These investments represent USD 4.2 million as at 31 December 2016.

A sensitivity analysis has been performed on the valuation for the year to a reasonably possible change in fair value of investments in common shares. The impact on the results for the year of a possible increase/decrease in the income is as follows:

26. Financial risk management (continued)

Sensitivity Analysis	Change in %	Increase in fair value	Decrease in fair value
Income	10%	0.4 million	(0.4) million

Liquidity Risk

The liquidity and funding risks, related processes and policies are overseen by the Directors and a rolling review is carried out by them on a regular basis to ensure that the Group has such sufficient funds. Due primarily to a number of large corporate acquisitions in the last few years as well as continuing operational headwinds the Group's working capital position has deteriorated.

The Company proceeded to a capital increase for a total amount of USD 18.5 million in July and November 2016, wich was made of fresh new money of USD 13.1 million and a conversion of loans amounting to USD 5.5 million to sustain its activities and development.

The tables below summarise the maturity profile of the Group's financial liabilities at 31 December 2016 and 31 December 2015, based on contractual, undiscounted cash flows.

		Analysed as:				
At 31 December 2016	Total carrying amount USD 000	Within 1 month USD 000	Within 3 Months USD 000	Within 12 months USD 000	Within 2 years USD 000	Within 3-7 years USD 000
Trade creditors	1,596	1,596	-	-	-	-
Amounts due to related parties	2,074	-	2,000	-	-	-
Other creditors	4,370	970	350	1,350	1,700	-

At 31 December 2015	Total carrying amount USD 000	Within 1 month USD 000	Within 3 Months USD 000	Within 12 months USD 000	Within 2 years USD 000	Within 3-7 years USD 000
Trade creditors	3,776	648	3,110	18	-	-
Amounts due to related parties	9,095	36	603	4,445	4,011	-
Other creditors	6,371	1,000	4,727	644	-	-

The Group's exposure to credit risk is limited to the carrying amount of the following financial assets recognised at the reporting date, as shown in the table below:

	2016 USD 000	2015 USD 000
Cash and cash equivalents	4,889	2,357
Trade debtors and other receivables	3,553	5,443
	8,442	**7,800**

The Group's principal exposure to credit risk arises from the default of investment management clients in respect of fees due and banks in respect of deposits.

In order to mitigate this risk the Group trades only with recognised, creditworthy third parties and it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, the Group periodically assesses the financial reliability of customers. Furthermore, the majority of the amounts receivable is due from the various mandates managed by the Group which further reduces the credit risk.

One mandate accounted for 66.3% of the trade receivables at 31 December 2016 (at 31 December 2015 four funds accounted for 73% of the trade receivables).

26. Financial risk management (continued)

The Group considers that all of the above financial assets are of good credit quality, including those that are past due. Furthermore, a large portion of these assets – cash and cash equivalents, is held with regulated financial entities.

The credit risk for liquid funds and other short term assets is considered low, since the counterparties are reputable institutions. At 31 December 2016, cash and cash equivalents are held with such institutions.

The following table provides information on the ageing of the financial assets that are past due but not impaired. There are no financial assets at the reporting date whose terms have been renegotiated.

	Total carrying amount of financial assets in the statement of financial position USD 000	Analysed as: Financial assets that are neither past due nor impaired USD 000 Current	Financial assets that are past due but not impaired USD 000 0-3 months	Financial assets that are past due but not impaired USD 000 3-6 months	Financial assets that are past due but not impaired USD 000 6-12 months	Financial assets that are past due but not impaired USD 000 > 1 year
Trade debtors and other receivables at 31 December 2016	3,551	-	3,551	-	-	-
Trade debtors and other receivables at 31 December 2015	5,443	388	5,055	-	-	-

Capital Management

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares or purchase its own shares on the market.

In 2016 the Group increased it's capital of USD 18.6 million.

The Group classifies capital, for capital management purposes, as equity plus net debt. Net debt comprises interest bearing loans, less cash and cash equivalents. The Group has no long term interest bearing debt other than from related parties.

	2016 USD 000	2015 USD 000
Loans from related parties	2,031	9,095
Less cash and cash equivalents	(4,889)	(2,357)
Net (funds)/debt	**(2,858)**	**6,738**
Equity	28,645	18,004
Capital	**25,787**	**24,742**

LumX Asset Management (UK) Ltd and SWCP LLP (a subsidiary of SWCP Cayman Limited) are both subsidiaries of the Group and are registered with the Financial Conduct Authority, London. LumX Asset Management (Suisse) SA, also a subsidiary of the Group is registered with the Swiss Financial Market Supervisory Authority ("FINMA"), Switzerland. These entities are required by these bodies to maintain minimum capital levels. None of these companies was in breach of these requirements at 31 December 2016 or 31 December 2015 or during either of the reporting periods presented. GFM Sàrl and LumX Asset Management (US) Ltd are registered with the Securities and Exchange Commission and they are not subject to any minimum capital requirements.

Other than the above, the Group is not subject to any externally imposed capital requirements.

27. Related party transactions

Group transactions

Transactions between and amongst LumX and its subsidiaries, which are considered to be related parties, have been eliminated on consolidation and are not disclosed in this note.

Remuneration of Key Management personnel

The Key Management personnel include the Directors, the Executive Management Committee and certain other key employees.

The remuneration of Key Management personnel is set out below:

	2016 USD 000	2015 USD 000
Short-term benefits	2,406	4,165
Post-employment benefits	62	72
Share-based payments	16	386
	2,484	**4,623**

There are no bonus accruals for key management at 31 December 2016 (2015: USD 34,000).

There are no management and performance fees waived by the Group for investments made by the key management personnel in the Company's products in 2016 (2015: USD 0.3 million).

The analysis of the related party balances is shown below.

	At 31 December 2016	At 31 December 2015
Current assets		
Related party debtors	155	246
	155	**246**
Current liabilities		
Loans due to shareholders relating to the EIM transaction	-	(1,521)
Credit facility	-	(2,008)
Loans due to shareholders	(2,031)	(1,500)
Other related party creditors	(43)	(55)
	(2,074)	**(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	**2,074**	**(9,095)**
Total net related party balances	**1,919**	**(8,849)**

27. Related party transactions (continued)

Within the related party creditors are loans of USD 2.0 million payable to one major shareholder of the Company, Joachim Gottschalk & Associates Ltd ("JGA"), and an entity under the common control of JGA. The amount has been repaid on 24 April 2017.

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

At 31 December 2015, USD 3.5 million comprise loans related to the completion of the EIM transaction in September 2014. These loans relate to the settlement of liabilities associated with EIM real estate. Interest is payable on the outstanding loans annually in November, charged +2.5% per annum. On 23 June 2016, the full amount was agreed to be converted into 10,430,115 shares (Note 24) that were delivered on 5 July 2016. Consequently, the liability was reclassified to equity during the year ended 31 December 2016.

Credit facility

In 2015, each of Rozel Trustees (Channel Islands) Limited ("Rozel") and JGA granted a credit facility to the Group 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 24 that were delivered on 5 July 2016. The loan was reclassified to equity during the year ended 31 December 2016.

The remaining loans drawn down under these facilities totalled 0.8 million and were repaid in full in November 2016. Interest were payable quarterly, charged at 2.5% + 3 month LIBOR per annum.

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 2.0 million.

Interest is charged at 2.5% per annum, payable quarterly. During the year ended 31 December 2016, USD 1.5 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.

28. Arbitration

The Group was in arbitration with two third party marketing agents, related to the calculation of commission payments due, for a number of years. In December 2015 the arbitrator issued a ruling in favour of the two third party marketing agents. The arbitration was started in 2007 in respect of prior year events.

During the year ended 31 December 2015 a payable of USD 5.2 million was recognised which comprises the settlement of the claim of USD 3.3 million, the interest charges on these amounts of USD 1.4 million, an accrual of legal costs for USD 0.7 million and a provision of USD 0.2 million which was released during 2015, and this was recognised as other creditors within current liabilities.

In 2016, the Group and the two third party marketing agents agreed on a payment schedule and the payment will be divided between USD 4.4 million in cash and USD 0.8 million worth of shares.

On 4 July 2016, 2,295,529 shares were issued in the context of the capital increase in satisfaction of USD 0.8 million payable to the two third party marketing agents. During the year ended 31 December 2016, an amount of USD 1.3 million was paid to the same third party marketing agents. As of 31 December 2016, a remaining amount of USD 3,4 million is due payable upon 31 December 2018.

29. Misappropriation of assets

During the last quarter of the year ended 31 December 2015, management detected the misappropriation of assets of USD 3.4 million by a former employee working for GFM US. This amount has been covered by insurance after an excess of USD 2.0 million, and at 31 December 2015, a current receivable of USD 1.4 million has been recognised in the consolidated statement of financial position. USD 0.9 million was received in cash in March 2016 and the remainder was received on 13 April 2016.

The loss of the Group of USD 2.0 million was expensed as follows: USD 1.4 million relates to misappropriation of assets which occurred in 2014 and 2013 that were classified as operating costs in those years. The net effect on the consolidated income statement for the year ended 31 December 2015 was charge of USD 0.6 million, which was presented on the face of the consolidated income statement.

There was no impact on the consolidated income statement for the year ended 31 December 2016.

30. Disposal of businesses

On 1 March 2016 the Group disposed of its 80% shareholding in Frontier Investment Management (Jersey) Limited and its subsidiaries in exchange for USD 1 and the cancellation of a put option liability amounting to USD 0.4 million. The disposal group was classified as held for sale on 31 December 2015. On disposal the Group reclassified accumulated exchange losses of USD 0.3 million from other comprehensive income to P&L as part of the loss on disposal of USD 0.2 million. The net assets of 0.3 million disposed of consisted mainly of cash and cash equivalents of USD 0.2 million, trade and other receivables of USD 0.2 million and trade and other payables of USD 0.1 million.

In October 2015 the Group disposed of its Penjing business in exchange for estimated proceeds of USD 1.6 million comprising 15% of the net revenue earned on the existing assets under management on transaction date of the Penjing funds until 18 December 2018 and 15% of non-dividend bearing convertible ordinary shares of Man Lung Asset Management Limited to whose the legal ownership of the existing Investment Advisor of the Penjing funds, Penjing Asset Management Ltd, will be transferred on 31 December 2018 as per agreement. From that date the Man Lung shares will be converted ino dividend bearding ordinary shares.

As part of the disposal the Group derecognised goodwill of USD 5.3 million and intangible assets of 0.6 million and recognised a loss on disposal of USD 4.3 million in 2015.

31. Subsequent Events

Since the end of the business year, the Group lost mandates in asset management which will require a significant impairment of the Investment Management contract intangible assets in 2017 (Note 14).

Office addresses

United Kingdom
LumX Asset Management (UK) Limited
5 Savile Row
London W1S 3PD
United Kingdom
T+44 2074 945100

Switzerland
LumX Asset Management (Suisse) SA

Chemin de Chantavril 1
1260 Nyon
T+41 22 363 64 64

Luxembourg
LumX Holding (Luxembourg) SA
10B, Rue de Mérovingiens
L-8070 Bertrange
T+352 2689 3320

USA
LumX Asset management (US) Limited
750 Lexington Avenue, 26th Floor
New York, NY 10022
T+1 212 937 6070

Hong Kong
Gottex Asset Management (Asia) Limited
Level 54 Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
T+852 2980 1610

The Channel Islands
LumX Group Limited
Martello Court, Admiral Park
St. Peter Port
Guernsey GY1 3HB
The Channel Islands
T+44 (0) 1 481 211 000