# INTERIM REPORT 2017

## EXPERTISE IN ASSET MANAGEMENT

LumX Group Limited

Investment research
and
asset management

Contents

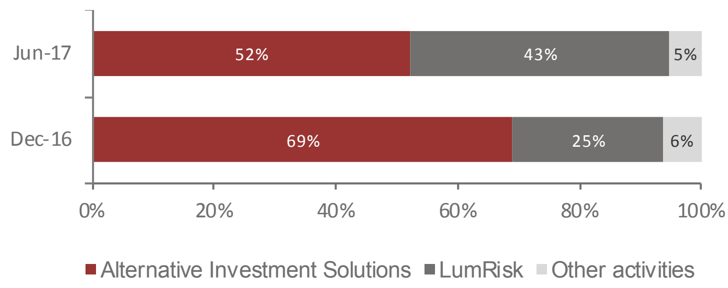
# INTERIM REPORT JUNE 2017

LumX Group Limited[1] is an alternative investment specialist focused on bringing leading investment and risk management solutions to our primarily institutional client base.

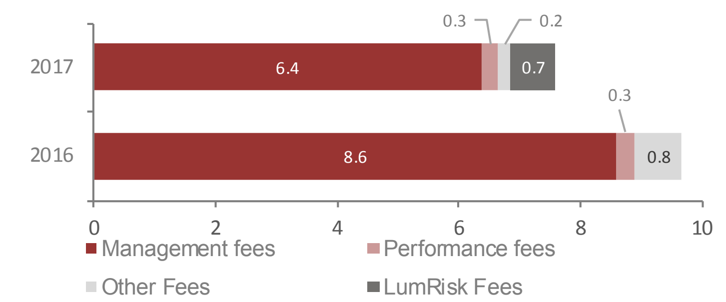
## Business Highlights

- Overall fee-earning assets[2] of USD 7.8 billion at June 30 (Dec 31 2016: USD 6.2 billion)
- Gross revenues of USD 7.6 million (H1 2016: USD 9.6 million)
- Continued streamlining of costs in all aspects of our business by 21% on a like-for-like basis
- Encouraging growth in LumRisk, our Swiss Fintech subsidiary, which provides risk aggregation and reporting services
- LumMap managed account platform is in the process of being redomiciled in Ireland to cater for growing demand for customised fund structuring solutions
- Hiring of new talent to strengthen quantitative research, IT development, and multi-asset teams

## Fee-earning assets[2,3]




## Gross revenues Jan-June (USDm)




## Integrated offering of investment solutions


- A history of innovation and bespoke client solutions across all asset classes
- Highly structured and rigorous research and portfolio management processes
- Proprietary risk management approach focusing on aggregated risk factor exposures

- Bespoke structuring solutions built from an asset allocator's perspective
- Experience of fund structures in multiple jurisdictions, and dedicated structure to meet managers' regulatory requirements in a strong risk-controls environment
- Segregated managed account platform covering a broad range of long-only and alternative strategies

LUMRISK

- Advanced risk aggregation, analysis and reporting services with position-level transparency
- Cloud-based user-friendly interface & extensive database coverage
- Independent aggregator of multi-provider risk premia

[1] 'LumX' or 'the Company' and together with its subsidiaries, 'the Group'.
[2] Fee-earning assets include 100% of the assets under management of subsidiaries, joint ventures, associates and financial investees where the Group provides investment management services.
[3] As of 30 June 2017

# CHAIRMAN'S STATEMENT

Dear Shareholders,

The first half of 2017 experienced healthy returns for risk assets in global markets. Valuations were supported by easy global monetary conditions, improving emerging market growth, and positive corporate earnings revisions. Despite recent market strength, growing geopolitical tensions, emerging implications of Brexit, and the potential for US political stalemate are keeping us wary of the various risks that exist today, and of their potential impact on our clients' portfolios. The period also saw continued adaptation of our organisation and further strengthening of the foundations for future growth following the challenges of previous years. The strategic focus on our core competences – customised alternative investment solutions (LumX), risk management services (LumRisk), and fund structuring expertise (LumMap) - is beginning to bear fruit. Underlying fee-earning assets under management grew in the first six months to USD 7.8 billion, thanks to the positive momentum of our LumRisk and multi-asset businesses in the first six months.

Revenues for the first half of the year were USD 7.6 million (H1 2016: USD 9.6 million). A decrease of assets in our multi-manager strategies led to a fall in management fees. On the positive side, reporting fees generated by LumRisk started to provide an important new revenue stream for the Group. Additional client mandates were implemented in the first six months, with further mandates anticipated in the rest of the year suggesting accelerated revenue growth and for LumRisk to become profitable in the second half of 2017. We continued our streamlining of costs in all aspects of the business by 21% on a 12-month rolling basis. The net loss after tax for the first six months to 30 June 2017 was USD 4.1 million (H1 2016: USD 3.5 million), of which USD 2.0 million relates to an impairment of intangible assets due to the loss of mandates that were recognised at the merger with EIM. The Group continues to pay down its liabilities.

We have continued our strategy of disposing of non-core assets, with the sale in June 2017 of our stake in HS Group, for a total consideration of USD 4.0 million, half of which has been received in Q3 2017. USD 2.0 million is payable in the future subject to certain conditions.

Our business today has evolved in response to the demands of our clients, who favour customised, integrated solutions and specialised structuring expertise from their business partners. We have proactively adjusted our investment research and processes to cater to their needs. We successfully adapted the expertise and skills we have built up over 25 years of analysing the underlying factors driving hedge fund performance to enhance our offering in alternative risk premia ("ARP").

We have invested resources in our LumMap structuring services, which benefits from the experience accumulated since 2010 in structuring bespoke investment solutions to meet managers' and investors' regulatory and compliance requirements across multiple jurisdictions. The LumMap managed account platform, whose expertise covers a broad range of traditional and alternative strategies, offers dedicated investment vehicles that meet managers' requirements in a strong risk-control environment, and ensures fiduciary oversight and enhanced transparency on client investments. The platform is in the process of redomiciling in Ireland to benefit from AIFMD, and to cater to the increased interest from external institutional investors and family offices in our existing infrastructure and expertise.

The market for risk premia has grown significantly with the largest asset allocators and pension funds globally attracted to the advantages, such as decorrelated returns, lower costs, and improved liquidity and transparency. LumX is recognised as a leader in this space thanks to the innovative use of technology in our research and allocation processes, and our experience in constructing and managing tailor-made investment solutions. Our multi-factor, tailor-made, ARP solutions provide exposure to carefully constructed portfolios that can represent a stand-alone investment, or a diversifying and complementary component within a broader portfolio of hedge funds or traditional assets. The UCITS portfolio of ARP which is managed by our Swiss subsidiary has returned 2.4% year-to-date[4] net of fees.

A further initiative implemented in the first half of 2017 was the strengthening of our multi-asset business, with over USD 130 million of new assets raised during the period. I am pleased to welcome Philippe Calame, who joined in H1 to lead this initiative and to strengthen our manager research. Philippe has recently been appointed to the Group's Executive Committee.

LumRisk continues its penetration of the niche market for consolidated risk reporting on portfolios of risk premia and aggregated multi-asset portfolios, and is proving to be a significant growth driver for the Group. LumRisk has onboarded several new clients, which include some of the largest global providers and investors. It offers a cloud-based, interactive interface that employs powerful visualisation techniques to provide position-level transparency and complex analysis on extensive sets of aggregated data. LumRisk has continued to invest in its technological infrastructure and data processing tools, as it expands its services to cater for a growing number of simultaneous users.

[4] YTD through September 25, 2017. Performance is net of fees and expenses

Our global talent base consists of 52 full time equivalent staff, down from 58 at the end of 2016. We have reinforced our core research team in Q3 2017, hiring PhD talent focusing on innovating and improving our quantitative research tools and investment process.

We have seen some volatility in our share price this year which is due in part to a large shareholder who has sold approximately 6 million shares, as reflected in public disclosures. However, our core shareholder base, which was bolstered during last year's recapitalisation with several long-term institutional and high net worth investors, has remained committed to our vision of becoming a leading provider of innovative investment, risk management and structuring solutions. I would like to take this opportunity to thank all shareholders for their continued support and patience.

Our integrated solutions reflect a diversification of business and revenue models that offer growth opportunities in different sectors, while remaining mutually beneficial - technological advances, investment ideas and fund structuring expertise in one area feed opportunities and success in other areas. The Group has reached an inflection point as growing assets related to our ARP and LumRisk initiatives begin to replace decreasing assets in our multi-manager activities. The outlook for tailor-made structuring solutions offered by our LumMap platform are also very encouraging. It has been several years since I have experienced the number, and quality, of investor discussions that have arisen following the reorganisation of our activities.

There has been a huge effort on behalf of employees, management, and the Board in implementing our strategic initiatives and rebuilding our business. There are still significant challenges for us in executing our strategy and our business plans, generating new revenues, and the monetisation of a portion of certain business interests. Despite these ongoing uncertainties, I remain optimistic that the hard work will deliver promising growth prospects for the Group.

**Arpad Busson**
**Executive Chairman**

# REVIEW REPORT ON THE UNAUDITED[5] INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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To the Board of Directors of
LumX Group Limited, Guernsey

Geneva, 27 September 2017

## Report on the review of interim condensed consolidated financial statements

**Introduction**
We have reviewed the accompanying interim condensed consolidated financial statements (consolidated statement of income, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and notes) of LumX Group Limited for the period from 1 January 2017 to 30 June 2017. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

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

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

**Material Uncertainty Related to Going Concern**
We draw attention to Note 1c to the interim condensed financial statements which indicates the existence of a material uncertainty which casts significant doubt about the Group’s ability to continue as a going concern in connection with achieving the business plan. Our conclusion is not qualified in respect of this matter.

Ernst & Young Ltd

Stéphane Muller
Licensed audit expert
(Auditor in charge)

Steffen Ebersold
Licensed audit expert

# UNAUDITED[5] INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

| | Note | Six months ended 30 June 2017 USD 000 | Six months ended 30 June 2016 USD 000 |
|---|---|---|---|
| Revenue | 2 | 7,560 | 9,646 |
| Referral fee expense | 3 | (519) | (830) |
| **Net revenue** | | **7,041** | **8,816** |
| Operating costs from operations | 5 | (11,853) | (12,374) |
| Recycling of CTA on disposal of subsidiary | | - | (312) |
| Share of post-tax profits of joint venture | | - | 68 |
| **Operating loss** | | **(4,812)** | **(3,802)** |
| Finance income | 7 | 91 | 71 |
| Finance cost | 8 | (13) | (124) |
| Net gain on financial assets | 9 | 102 | 225 |
| Share of post-tax profits/(losses) of associates | | (69) | 94 |
| **Loss before taxation** | | **(4,701)** | **(3,536)** |
| Income tax credit/(charge) | 10 | 567 | 55 |
| **Loss for the period** | | **(4,134)** | **(3,481)** |
| | | | |
| **Attributable to:** | | | |
| Equity holders of the parent company | | (4,155) | (3,504) |
| Non-controlling interest | | 21 | 23 |
| **Loss for the period** | | **(4,134)** | **(3,481)** |
| | | | |
| **Loss per share for the period** | | | |
| Basic and diluted, for loss for the period attributable to ordinary equity holders of the parent company (in USD) | | **(0.04)** | **(0.08)** |

[5] Reviewed by Ernst & Young Ltd, refer to Review Report on page 4

# UNAUDITED[5] INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2017

| | Note | Six months ended 30 June 2017 USD 000 | Six months ended 30 June 2016 USD 000 |
|---|---|---|---|
| **Loss for the period** | | **(4,134)** | **(3,481)** |
| | | | |
| **Items that will not be subsequently reclassified to profit and loss** | | | |
| Actuarial gains/(losses) on defined benefit pension plans (net of tax) | | - | (848) |
| | | | |
| **Items that may be subsequently reclassified to profit and loss** | | | |
| Exchange differences arising on translation of foreign operations | | (135) | (41) |
| **Other comprehensive income for the period, net of taxation** | | **(135)** | **(889)** |
| | | | |
| **Total comprehensive loss for the period, net of tax** | | **(4,269)** | **(4,370)** |
| | | | |
| **Attributable to :** | | | |
| Equity holders of the parent company | | (4,290) | (4,393) |
| Non-controlling interest | | 21 | 23 |
| | | **(4,269)** | **(4,370)** |

# UNAUDITED[5] INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

| | Note | At 30 June 2017 USD 000 | At 30 December 2016 USD 000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | 12 | 21,135 | 21,135 |
| Intangible assets | 20 | 1,205 | 3,776 |
| Financial investments | 13 | 2,060 | 4,960 |
| Investment in associates | | 2,604 | 2,475 |
| Property, plant and equipment | | 298 | 264 |
| Other receivables | 14 | 460 | 136 |
| Deferred tax asset | 21 | 1,983 | 1,238 |
| | | **29,745** | **33,984** |
| **Current assets** | | | |
| Trade debtors | 14 | 3,814 | 1,995 |
| Other receivables | 14 | 1,992 | 1,558 |
| Tax assets | | - | 52 |
| Financial investments | 13 | 849 | - |
| Cash and cash equivalents | | 1,958 | 4,889 |
| | | **8,613** | **8,495** |
| **Total assets** | | **38,358** | **42,479** |
| | | | |
| Share capital | 17 | 10,259 | 10,259 |
| Treasury shares | | (3,094) | (3,094) |
| Other reserves | | 23,478 | 23,555 |
| Retained earnings | | (6,231) | (2,075) |
| **Equity attributable to equity holders of the parent company** | | 24,412 | 28,645 |
| Non-controlling interest | | (21) | (42) |
| **Total equity** | | **24,391** | **28,603** |
| | | | |
| **Non-current liabilities** | | | |
| Accruals and other creditors | 15 | 4,198 | 4,848 |
| | | **4,198** | **4,848** |
| **Current liabilities** | | | |
| Trade creditors | 15 | 3,753 | 1,596 |
| Deferred income | 15 | 538 | - |
| Other payables | 15 | 5,434 | 7,432 |
| Current tax liabilities | | 44 | - |
| | | **9,769** | **9,028** |
| **Total liabilities** | | **13,967** | **13,876** |
| **Total equity and liabilities** | | **38,358** | **42,479** |

Arpad Busson
Executive Chairman

Edgar Brandt
Chairman of the Audit Committee

# UNAUDITED[5] INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS THE SIX MONTHS ENDED 30 JUNE 2017

| | Note | Six months ended 30 June 2017 USD 000 | Six months ended 30 June 2016 USD 000 |
|---|---|---|---|
| **Operating activities** | | | |
| Loss before taxation | | (4,701) | (3,536) |
| Adjustments for: | | | |
| Amortisation/impairment of intangible assets | 20 | 2,719 | 763 |
| Depreciation of property, plant and equipment | | 90 | 129 |
| (Profit)/Loss on sale of property, plant and equipment | | - | (3) |
| Profit on disposal of joint venture | | - | (48) |
| Recycling of CTA on disposal of a subsidiary | | - | 312 |
| Share-based payments | 18 | 55 | (271) |
| Decrease/(increase) in receivables | | (1,797) | 471 |
| Increase/(decrease) in payables | | 1,836 | 256 |
| Income taxes received/(paid) (net) | | (31) | (7) |
| Finance income | | (91) | (71) |
| Finance cost | | 13 | 124 |
| Net gain on financial assets | 9 | (102) | (225) |
| Share of post-tax (profits)/losses of joint venture | | - | (68) |
| Share of post-tax (profits)/losses of associates | | 69 | (94) |
| **Net cash outflow from operating activities** | | **(1,940)** | **(2,268)** |
| **Investing activities** | | | |
| Dividends received | 7 | 67 | 34 |
| Other finance income received | | 24 | 22 |
| Proceeds from sale of property, plant and equipment | | - | 3 |
| Proceeds from sale of investments | | 1,323 | 116 |
| Purchase of intangible assets | 20 | (148) | (81) |
| Purchase of property, plant and equipment | | (120) | - |
| **Net cash from investing activities** | | **1,146** | **94** |
| **Financing activities** | | | |
| Interest paid | 8 | (13) | (27) |
| Repayment of loan to related parties | | (2,031) | (1,108) |
| Loan from related parties | | - | 1,407 |
| **Net cash from/(used) in financing activities** | | **(2,044)** | **272** |
| **Net decrease in cash and cash equivalents in year** | | **(2,838)** | **(1,902)** |
| Opening cash and cash equivalents | | 4,889 | 2,357 |
| Effect of foreign exchange rates | | (93) | 234 |
| **Closing cash and cash equivalents** | | **1,958** | **689** |

# UNAUDITED[5] INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2017

| | Share Capital | Treasury shares | Translation reserve | Share-based payment reserve (Note 18) | Pooling and other reserves | Total other reserves | Retained earnings | Attributable to equity holders of the parent company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | USD 000 | USD 000 | USD 000 | USD 000 | USD 000 | USD 000 | USD 000 | USD 000 | USD 000 | USD 000 |
| **Balance at 1 January 2016** | **44,948** | **(17,014)** | **(4,862)** | **9,576** | **28,184** | **32,898** | **(42,828)** | **18,004** | **144** | **18,148** |
| Loss for the year | - | - | - | - | - | - | (3,504) | (3,504) | 23 | (3,481) |
| Other comprehensive income | - | - | (41) | - | - | (41) | (848) | (889) | - | (889) |
| Total comprehensive income | - | - | (41) | - | - | (41) | (4,352) | (4,393) | 23 | (4,370) |
| Recycling CTA | - | - | 312 | - | - | 312 | - | 312 | - | 312 |
| Reclassification of liabilities as equity | - | - | - | - | 5,694 | 5,694 | - | 5,694 | - | 5,694 |
| Recognition of share-based payments | - | - | - | (271) | - | (271) | - | (271) | - | (271) |
| Reclassification due to cancellation and vesting of equity awards | - | 1,105 | - | (596) | - | (596) | (509) | - | - | - |
| **Balance at 30 June 2016** | **44,948** | **(15,909)** | **(4,591)** | **8,709** | **33,878** | **37,994** | **(47,687)** | **19,346** | **167** | **19,513** |
| | | | | | | | | | | |
| **Balance at 1 January 2017** | **10,259** | **(3,094)** | **(4,524)** | **396** | **27,685** | **23,555** | **(2,075)** | **28,645** | **(42)** | **28,603** |
| Loss for the period | - | - | - | - | - | - | (4,155) | (4,155) | 21 | (4,134) |
| Other comprehensive income | - | - | (135) | - | - | (135) | - | (135) | - | (135) |
| Total comprehensive income | - | - | (135) | - | - | (135) | (4,155) | (4,290) | 21 | (4,269) |
| Recognition of share-based payments | - | - | - | 55 | - | 55 | - | 55 | - | 55 |
| **Balance at 30 June 2017** | **10,259** | **(3,094)** | **(4,659)** | **451** | **27,685** | **23,475** | **(6,230)** | **24,410** | **(21)** | **24,389** |

# 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 unaudited interim condensed consolidated financial statements for the six months ended 30 June 2017 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 unaudited interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 20 September 2017.

## 1. Accounting policies

a) Basis of preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements as at 31 December 2016.

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

b) Changes in accounting policies

The accounting policies adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual audited financial statements for the year ended 31 December 2016 except for the adoption of some minor changes in International Financial Reporting Standards ("IFRS").

The Group adopted several minor amendments to IFRS as at 1 January 2017. This has not resulted in any changes to the financial position or performance of the Group nor resulted in any additional disclosures to these unaudited interim condensed consolidated financial statements.

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

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

c) Going Concern

The interim financial statements have been prepared on a going concern basis, which assumes that the Group will be able to realise its assets and discharge its liabilities in the normal course of business.

However, the Directors consider that there are still significant uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as going concern. This ability of the Group to continue as going concern is subject to the realisation of the business plans, which include the monetisation of a portion of certain business interests, and the capacity of the Group to generate new revenues in our offerings over the next twelve months and beyond in order to generate the cash flows required to meet the Group' obligations. If the Group should not meet its objectives, the going concern of the Group would depend upon continued support from the shareholders.

## 2. Revenue

| | Six months ended 30 June 2017 USD 000 | Six months ended 30 June 2016 USD 000 |
|---|---|---|
| Management fees | 6,360 | 8,591 |
| Performance fees | 288 | 284 |
| LumRisk fees | 712 | - |
| Other fees | 200 | 771 |
| **Total revenue** | **7,560** | **9,646** |

## 3. Referral fee expense

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

| | Six months ended 30 June 2017 USD 000 | Six months ended 30 June 2016 USD 000 |
|---|---|---|
| Referral fees on Management fees | 494 | 745 |
| Referral fees on Performance fees | 25 | 85 |
| **Total referral fee expense** | **519** | **830** |

## 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.

## 5. Operating costs

| | Note | Six months ended 30 June 2017 USD 000 | Six months ended 30 June 2016 USD 000 |
|---|---|---|---|
| Personnel expenses | 6 | 5,821 | 6,846 |
| Rent and related expenses | | 863 | 1,354 |
| Professional expenses | | 852 | 1,684 |
| IT and data expenses | | 1,013 | 1,166 |
| Marketing and representation services | | 340 | 238 |
| Amortisation and depreciation expenses | | 2,809 | 893 |
| Other expenses | | 155 | 193 |
| **Total operating costs** | | **11,853** | **12,374** |

## 6. Personnel expenses

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

| | Note | Six months ended 30 June 2017 USD 000 | Six months ended 30 June 2016 USD 000 |
|---|---|---|---|
| Wages and salaries | | 4,961 | 6,346 |
| Social security expenses (including defined contribution pension expenses) | | 295 | 664 |
| Net pension (credit)/cost | | 221 | (194) |
| Share-based payments | 18 | 55 | (271) |
| Sundry personnel expenses | | 289 | 301 |
| **Total personnel expenses** | | **5,821** | **6,846** |

## 7. Finance income

| | Six months ended 30 June 2017 USD 000 | Six months ended 30 June 2016 USD 000 |
|---|---|---|
| Dividends received | 67 | 33 |
| Other finance income | 24 | 38 |
| **Total finance income** | **91** | **71** |

## 8. Finance cost

| | Six months ended 30 June 2017 USD 000 | Six months ended 30 June 2016 USD 000 |
|---|---|---|
| Interest payable on loans (including loans from related parties) | 13 | 124 |
| **Total finance cost** | **13** | **124** |

Interest payable amounts relate to a loan from relaties parties that was repaid in full on 24 April 2017.

## 9. Net gain/(loss) on financial assets

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

| | Six months ended 30 June 2017 USD 000 | Six months ended 30 June 2016 USD 000 |
|---|---|---|
| HS Group Ltd | 44 | 143 |
| Asset Management Ltd | 58 | 14 |
| GFM ABL | 5 | 74 |
| Other investments | (5) | (6) |
| **Total net gain on financial assets** | **102** | **225** |

## 10. Income tax credit/(charges)

| | Six months ended 30 June 2017 USD 000 | Six months ended 30 June 2016 USD 000 |
|---|---|---|
| Current tax – current year | (34) | (10) |
| Current tax – prior year | (56) | 12 |
| **Current tax** | **(90)** | **2** |
| | | |
| Deferred tax – current year | 657 | 53 |
| **Deferred tax** | **657** | **53** |
| | | |
| **Total** | **567** | **55** |
| **Effective Group tax rate** | **(13.7%)** | **(1.7%)** |

## 11. Loss per share

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

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

### Loss and loss per share

| | Six months ended 30 June 2017 | Six months ended 30 June 2016 |
|---|---|---|
| Net loss attributable to ordinary equity holders of the parent for basic and diluted loss per share (in USD 000) | (4,155) | (3,504) |
| Basic and diluted loss per share (in USD) | (0.04) | (0.08) |

### Shares

| | Six months ended 30 June 2017 000 | Six months ended 30 June 2016 000 |
|---|---|---|
| Weighted average number of ordinary shares (excluding treasury shares) for basic loss per share | 103,955 | 45,187 |
| Adjustments for dilutive potential ordinary shares | - | - |
| Weighted average number of ordinary shares (excluding treasury shares) for diluted loss per share | 103,955 | 45,187 |

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 2017 and 31 December 2016 of the Group's potential ordinary shares would be anti-dilutive and therefore have been excluded from the calculation above.

## 12. Goodwill

At 30 June 2017, the Management reviewed and re-assessed the goodwill balance of USD 21.1 million in relation with the EIM acquisition to identify indicators of impairment. The key parameters retained in the last impairment test as at 31 December 2016 have been reviewed and no indicators of impairment have been identified.

## 13. 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.

| | Level 2<br>USD 000 | Level 3<br>USD 000 | Total<br>USD 000 |
|---|---|---|---|
| **Non-Current** | | | |
| At 1 January 2016 | 463 | 5,491 | 5,954 |
| Disposals | (408) | (323) | (731) |
| Revaluation to fair value | (14) | (249) | (263) |
| **At 31 December 2016** | **41** | **4,919** | **4,960** |
| Disposals | (29) | (2,973) | (3,002) |
| Additions | - | - | - |
| Revaluation to fair value | (6) | 108 | 102 |
| **At 30 June 2017** | **6** | **2,054** | **2,060** |

| | Level 2<br>USD 000 | Level 3<br>USD 000 | Total<br>USD 000 |
|---|---|---|---|
| **Current** | | | |
| At 1 January 2017 | - | - | - |
| Disposals | - | - | - |
| Additions | - | 849 | 849 |
| Revaluation to fair value | - | - | - |
| **At 30 June 2017** | **-** | **849** | **849** |

On 28 June 2017, the Group entered into a share repurchase agreement with HS Group Ltd for the sale of the 21,180 B shares held by the Group. The shares were sold at for a maximum potential USD 4.0 milion on which USD 2.0 million were payable immediately and USD 2.0 million ("Conditional Payment") will become payable once HS Group will have legally binding commitments of USD 500 million for its second fund. For the first tranche of USD 2.0 million, USD 1.2 million were paid on 29 June 2017 and USD 0.8 million on 15 August 2017.

The Conditional Payment has been classified as a current financial investment at fair value through profit and loss and valued at USD 0.9 million as at 30 June 2017 by assessing the expected present value of the future cash flows as required by IFRS 13. The valuation is highly dependent on the following assumptions retained by Management:

- Discount rate of 13%
- An expected realisation of the subordinated "Conditional Payment" of one year
- The probability of the realisation of the "Conditional Payment"

## 14. Trade debtors and other receivables

| | Note | 30 June 2017 USD 000 | 31 December 2016 USD 000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Other receivables | | 460 | 136 |
| **Other receivables** | | **460** | **136** |
| **Current assets** | | | |
| Trade debtors | | 3,814 | 1,995 |
| **Trade debtors** | | **3,814** | **1,995** |
| Amount due from related parties | 19 | 113 | 155 |
| Other debtors | | 1,083 | 595 |
| Prepayments and accrued income | | 796 | 808 |
| **Other receivables** | | **1,992** | **1,558** |
| **Total trade debtors and other receivables** | | **6,266** | **3,689** |

## 15. Trade creditors and other payables

| | Note | 30 June 2017 USD 000 | 31 December 2016 USD 000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Other creditors | | 817 | 1,594 |
| Retirement benefit liability | | 3,268 | 3,027 |
| Accruals | | 113 | 227 |
| **Accruals and other creditors** | | **4,198** | **4,848** |
| **Current liabilities** | | | |
| Trade creditors | | 3,753 | 1,596 |
| Deferred income | | 538 | - |
| **Trade creditors** | | **4,291** | **1,596** |
| Amount due to related parties | 19 | 323 | 2,074 |
| Other tax and social security | | 675 | 302 |
| Other creditors | | 2,760 | 2,776 |
| Accruals | | 1,676 | 2,280 |
| **Other payables** | | **5,434** | **7,432** |
| **Total trade creditors and other payables** | | **13,923** | **13,876** |

## 16. Contingent assets, liabilities and capital commitments

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

### Taxation

The Group has legal entities and operating presence in different jurisdictions, each of which has different tax regimes. As the Group evolves, it is exposed to contingent liabilities relating to various different taxes. It is possible that the tax authorities in any jurisdiction may make assessments contrary to the tax positions taken by the Group. Agreement with the tax authorities in such a situation would then be subject to negotiation based on the facts, circumstances and applicable tax law, as a result of which the Group may agree to renounce some contingent tax assets and /or to pay additional taxes.

The possible assessments of the various tax authorities are largely uncertain and it is not possible to quantify the likely outcome of any subsequent negotiations or the timing of any related settlements.

Contingent liabilities at 30 June 2017 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 ("the plaintiff") of Gottex Fund Management Sàrl ("the Company") in connection with losses that the client had incurred in 2008 on its portfolio. The losses were generated by the collapse of funds involved in a fraud known as the "Petters Fraud".

The parties met in January 2017 but were not able to agree on a settlement, as the Company denied any faults. On 13 February 2017, the plaintiff filed a claim for compensation for the financial losses incurred with the "Chambre Patrimoniale du Canton de Vaud". On 30 June 2017, the Company filed a response with the "Chambre Patrimoniale du Canton de Vaud" rejecting all allegations from the plaintiff.

At this stage, a contingent liability is considerd as possible, but not probable. A quantification is not possible at this stage.

## 17. Capital and reserves

At 30 June 2017, the company has 105,495,667 shares with a nominal value of CHF 0.10 fully paid.

## 18. Share-based payments

| | Six months ended 30 June 2017 USD 000 | Six months ended 30 June 2016 USD 000 |
|---|---|---|
| **Share-based payment reserve in equity** | | |
| At 1 January | 396 | 9,576 |
| Recognised in the income statement – share-based payments | 55 | (240) |
| Reclassification/utilisation during the year | - | (8,940) |
| **At 30 June** | **451** | **396** |

## 19. Related party transactions

The analysis of the related party balances is shown below.

| | At 30 June 2017 | At 31 December 2016 |
|---|---|---|
| **Current assets** | | |
| Related party debtors | 113 | 155 |
| | **113** | **155** |
| **Current liabilities** | | |
| Loans due to shareholders | (313) | (2,031) |
| Other related party creditors | (10) | (43) |
| | **(323)** | **(2,074)** |
| **Total net related party balances** | **(210)** | **(1,919)** |

Within the related party creditors as at 31 December 2016 were 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 loans were repaid on 24 April 2017.

## 20. Intangible assets

| | Software internally generated | Software | Investment management contracts | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2017 | 348 | 6,359 | 6,148 | 12,855 |
| Additions | 86 | 62 | - | 148 |
| **At 30 June 2017** | **434** | **6,421** | **6,148** | **13,003** |
| **Accumulated amortisation** | | | | |
| At 1 January 2016 | - | (6,288) | (2,791) | (9,079) |
| Amortisation charge | - | (102) | (605) | (707) |
| Impairment for the period | - | - | (2,012) | (2,012) |
| **At 30 June 2017** | **-** | **(6,390)** | **(5,408)** | **(11,798)** |
| **Net book value at 30 June 2017** | **434** | **31** | **740** | **1,205** |

Since 2016, the Group has capitalised internally generated intangible assets in connection with LumRisk for a total of USD 0.4 million as at 30 June 2017. As of 30 June 2017, the assets are not yet available for use and not amortised yet.

As at 30 June 2017, following the loss of mandates, the Group has made an impairment on the investment management contracts recognised at the acquisition of EIM (discount rate: 12.5%). The impairment for the period amounted to USD 2.0 million. The remaining value of USD 0.7 million will be amortised over the same period of time as that over which the related remaining revenues are expected to be earned, which is expected to be through 31 August 2018.

## 21. 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 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 | (1,247) | - | - | - | **(1,247)** | 1,247 | **1,247** |
| **At 31 December 2016** | **705** | **-** | **6** | **527** | **1,238** | **-** | **1,238** |
| At 1 January 2017 | 1,952 | - | 6 | 527 | **2,485** | (1,247) | **1,238** |
| (Debited)/credited to income | (313) | - | - | 9 | **(304)** | 961 | **657** |
| Debited to other comprehensive income | - | - | - | - | **-** | - | **-** |
| Translation | 47 | - | (1) | 42 | **88** | - | **88** |
| At 30 June 2017 | 1,686 | - | 5 | 578 | **2,269** | (286) | **1,983** |
| Offset | (286) | - | - | - | **(286)** | 286 | **-** |
| **At 30 June 2017** | **1,400** | **-** | **5** | **578** | **1,983** | **-** | **1,983** |

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