



PELARGOS CAPITAL B.V.

Semi Annual report 2016

The Hague
29 August 2016

Company information

Statutory directors

Orange Dragon Company B.V.
P.P.J. van de Laar

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Auditors

PricewaterhouseCoopers Accountants N.V. (PWC)
Fascinatio Boulevard 350
3065 WB Rotterdam
The Netherlands

This semi annual report 2016 has not been audited by PWC.

General

Pelargos Capital B.V., incorporated and domiciled in the Netherlands, is a private limited liability company organized under Dutch law and recorded in the Commercial Register of The Hague under its registered address at Prinses Margrietplantsoen 43, 2595 AM, The Hague.

The major shareholder in Pelargos Capital B.V. is Aegon Asset Management Holding B.V.. Aegon Asset Management Holding B.V. is a wholly owned subsidiary of Aegon N.V.

Pelargos Capital B.V. has been granted the license to manage investment funds (as meant in *Article 2:65, first paragraph, sub a, Wet Financiële Toezicht*) by Autoriteit Financiële Markten as of 9 December 2010. The granted license was transferred into an AIFM license as of 22 July 2014.

Profile

The statutory objectives of the company are:

- to act as a manager of one or more funds for joint account;
- to conduct the management over and to be (managing) director of one or more other investment institutions, companies and legal entities; and
- to invest assets in any other way, whether or not at the risk and expense of third parties; as well as to participate in, to take an interest in any other way in, to conduct the management of other business enterprises of whatever nature, furthermore to finance third parties, in any way to provide security or undertake the obligations of third parties and finally all activities which are incidental to or which may be conducive to any of the foregoing.

Pelargos Capital B.V. was established on March 4th in 2008. In June 2008 and July 2008 the Pelargos Asia Alpha Fund respectively the Pelargos Japan Alpha Fund were launched. In May 2016 the Pelargos Long Short Value Fund was launched. As at 30 June 2016, Pelargos Capital B.V. managed only these three investment funds. The funds strive for capital growth by taking long and short exposures in securities related to Asian respectively Japanese companies.

Key figures (€)	H1 2016	H1 2015	2015
Revenues	1,139,367	1,172,287	2,350,390
Costs	1,283,122	1,400,009	2,728,846
Net result	-98,937	-138,459	-326,395
Equity	3,513,211	3,800,084	3,612,148
Assets under management	214,698,731	240,047,054	212,661,279

Management report

Introduction

Pelargos Capital B.V. (hereafter: Pelargos) realized a net loss of € 98,937 in the first half year of 2016.

Market and business developments

In the first half year of 2016 the B class of the Pelargos Japan Alpha Fund posted a performance of -2.3% and the Pelargos Asia Alpha Fund of -0.3%. Assets under management as of June 30 were €215 million.

It was challenging to attract new clients with the products' fund structures. Therefor Pelargos has set up a commonly used Cayman unit trust structure targeted at Japanese and Asian institutional investors; this Pelargos Long Short Value Fund launched 6 May.

As of January 1 and June 1 we onboarded two IT employees who previously worked as consultants.

Strategy & Outlook

Pelargos will continue its cooperation with TAP Japan on research and distribution activities.

Compliance and risk management

Pelargos has established a governance framework for monitoring and overseeing

strategy, conduct of business standards and operations of the business. Risk management is considered an integral part of the investment and the operational process. A further elaboration on risks is provided in the annual reports of Pelargos and its investment funds, as well as in the prospectuses of the investment funds.

Pelargos had appointed CLCS as external compliance officer. Following its seizure of business in August 2016, Pelargos appointed an internal compliance officer and will evaluate and amend the compliance governance (officer and committee), documentation (compliance manual) and its compliance service providers.

Financials

The net loss amounted to €98,937. We expect a loss for 2016. Although cost control is an important point of attention, a certain capital expenditure on marketing, legal and IT is required to enable future growth.

The Hague, 29 August 2016

Orange Dragon Company B.V.
R.A. Dingemans

P.P.J. van de Laar

M. Kretschmer

Balance sheet per 30 June 2016

(Before profit distribution)

ASSETS	<i>Note</i>	30-06-2016	31-12-2015
		€	€
Fixed assets			
<i>Material fixed</i>	1		
Property and equipment		17.822	16.824
Hardware		3.042	1.316
		20.864	18.140
Current			
<i>Receivables</i>	2		
Accounts receivable		373.215	236.958
Units of participations in Funds	3	425.448	323.925
Corporate Tax		69.482	178.594
Current account related parties		72.418	1.129
Other current assets		149.921	199.164
		1.090.484	939.770
<i>Cash and cash equivalents</i>	4		
Bank		2.576.468	3.181.234
		2.576.468	3.181.234
Total assets		3.687.816	4.139.144

EQUITY & LIABILITIES	<i>Note</i>	30-06-2016	31-12-2015
		€	€
Equity	5		
Share capital		18.000	18.000
Ordinary share premiums		482.000	482.000
Other reserve		3.112.148	3.438.543
Net Result		-98.937	-326.395
		3.513.211	3.612.148
Long term liability	6		
		19.239	66.431
		19.239	66.431
Current			
Corporate tax			-
Variable pay		66.751	275.944
Current account related parties		5.306	122.739
Accounts payable		65.139	15.115
Wage tax		16	39.149
Other current liabilities		18.154	7.618
		155.366	460.565
Total liabilities		3.687.816	4.139.144

Profit and loss account 1 January – 30 June 2016

	30-06-2016	30-06-2015
	€	€
Total revenues	1.139.367	1.172.287
Total costs	<u>1.283.122</u>	<u>1.400.009</u>
Earnings from operations	-143.755	-227.722
Investment results	-5.451	34.704
Other income	48.555	16.690
Earnings before interest and tax	-100.651	-176.328
Interest	1.714	3.280
Result before tax	-98.937	-173.048
Corporate income tax	-	-34.589
Result after tax	<u><u>-98,937</u></u>	<u><u>-138.459</u></u>

Cash flow statement 1 January – 30 June 2016

(Indirect method)

CASHFLOW STATEMENT	<i>Note</i>	30-06-2016	30-06-2015
		€	€
Earnings from operations	#	-143.755	-227.722
Adjustments for			
Depreciation	5.052		5.394
Change in receivables	-150.714		-295.306
Change in liabilities	-352.392		169.919
Due corporate tax			34.589
		-498.054	-85.404
Cash flow from operations		-641.809	-313.126
Investment results	-5.451		34.704
Investments in fixed assets	-7.775		-
Cash flow from investments		-13.226	34.704
Interest	1.714		3.280
Dividends paid	-		-
Cash flow from financing		1.714	3.280
Other income	48.555		16.690
Cash flow from other		48.555	16.690
Change in cash		-604.766	-258.452