Annual Report

2013

castle
PRIVATE EQUITY

Contents

Further information
Periodic updates of elements of this annual report and supplementary information can be retrieved from the company's website **www.castlepe.com**

Publication date
This report was released for publication on 4 March 2014.
The subsequent event notes in the financial statements have been updated to 26 February 2014.
Amounts in this report are stated in USD thousands (TUSD) unless otherwise stated.

Castle Private Equity in 2013

(All amounts in USD, unless when indicated otherwise)

	2013	2012	
Net asset value	613 million	685 million	2013 NAV excludes USD 79 million repaid to investors
Payments to shareholders	79 million	—	Repayment of capital contribution reserves
Net asset value per share	17.13	17.40	2013 NAV per share excludes CHF 2.00 (USD 2.14) per share repaid to investors
Share price[1]	13.55	14.10	
Discount to audited net asset value	21 per cent	19 per cent	
Private equity assets	586 million	650 million	
Capital calls from investments	46 million	70 million	
In per cent of initial uncalled	28 per cent	44 per cent	
Distributions from investments	171 million	133 million	
In per cent of initial PE assets	26 per cent	20 per cent	
New commitments	—	—	No new commitments
Investment degree	96 per cent	95 per cent	
Uncalled commitments	100 million	122 million	
Uncalled as per cent of NAV	16 per cent	18 per cent	
Credit facility	50 million	75 million	Facility further reduced to USD 50 million from July 2013 onwards
Credit facility use	—	—	
Cash position	35 million	43 million	
Treasury shares	575,885	575,885	
Treasury shares 2nd line (bought for cancellation)	1,206,500	1,726,575	
Cancelled shares	4,170,000	1,500,000	
Shares in circulation	35,747,615	39,397,540	

[1] Representing the closing trade price on the last day of the quarter.

Chairman's statement

Pursuing the route of patient harvesting

Dear shareholders,

Some signs of recovery on the horizon

I am pleased to report that the year 2013 as the first full year under the harvesting strategy turned out to be a good year for Castle Private Equity. During the past 12 months, the economic indicators have pointed more convincingly towards sustainable recovery, signs of which have been clearest in the US. While in Europe the economic reality remains unchanged, growth has at least returned to some parts, even if at a low rate. Looking ahead it remains unclear as to how changes to quantitative easing on both sides of the Atlantic will impact valuations, although they will certainly increase market volatility.

Continued NAV growth

Throughout the year Castle Private Equity pursued the route of patient harvesting. Strong equity markets as well as effective value-creation strategies by Castle's fund managers supported the valuations of the underlying portfolio companies. As prices in the secondary market for private equity fund interests experienced only marginal increases over the course of 2013, sticking with fund interests and further harvesting was the preferred strategy and has this has been validated by the solid development of the net asset value ("NAV"). Overall the NAV grew by 10.6 per cent in 2013 (adjusted for capital repayments) to USD 17.13 by the end of 2013. Since inception, NAV has grown by over 150 per cent.

After repayment of CHF 2.00 (USD 2.14) per share during the year, the Company's share price closed the year at USD 13.55, a decrease of 3.9 per cent over the previous year per share, representing a discount to NAV of 21.1 per cent.

Increasing porftolio maturity improves liquidity situation

This performance reflects the realisation strategy adopted at the 2012 AGM to harvest the Group's portfolio and to cease new investment commitments. During the course of the year, the company's portfolio generated total distributions from realisations in excess of USD 170 million, compared to USD 133 million for the year 2012. An analysis of the distributions received over the past few years reveals that many of the underlying fund managers have been able to realise portfolio companies at prices significantly above their previous reported valuations. As a result, Castle believes that harvesting the portfolio to its full potential can continue to generate additional shareholder value. Based on the increased maturity of the portfolio and on the fact that no new fund commitments were made, the investment activity decreased further and represented, at USD 46 million, less than one third of distributions.

AGM and EGM approved capital distribution from general legal reserves

The positive resulting net cash flow further improved the liquidity situation of the Company and permitted Castle to launch a further share buyback programme as well as to propose capital distributions to shareholders. At the general meeting in May 2013, shareholders approved a distribution of CHF 0.75 (USD 0.77) per share from the legal reserves from capital contributions. A further distribution of CHF 1.25 (USD 1.37) per share from capital contributions was approved at an extraordinary general meeting on 27 November 2013.

As Castle’s portfolio is expected to gradually shrink over the next three to four years, there will be a point in time where your board may consider an accelerated final phase of the company’s harvesting strategy. Until then, however, we believe that patient harvesting and continued distributions to shareholders is the best way to go. While some of the remaining funds lag behind our initial expectations, the majority of our investments are performing well and we continue to see upside potential in a large number of situations. The realisation of this upside depends on market conditions. Given the more responsive IPO conditions prevailing and the fact that the corporate world holds a record amount of cash, Castle’s mature and well diversified portfolio should be able to profit further. Hence distributions are anticipated to continue to receive support from these conditions. In addition, healthy operating results from underlying portfolio companies should also have a positive impact on performance.

General meeting 14 May 2014 in Switzerland

The company’s 2014 annual general meeting is scheduled to take place on 14 May 2014 in Pfäffikon in Switzerland. The board welcomes the opportunity to discuss the progress of the company with interested shareholders.

As always, we thank you for your support.

Yours sincerely

Gilbert J. Chalk
Chairman

Investment manager's report

A good year for realisations

Dear shareholders,

NAV increased by 10.6 per cent

Castle Private Equity's ("Castle") audited net asset value decreased by USD 0.27 per share in 2013 to USD 613 million or USD 17.13 per share, an increase of 10.6 per cent when reflecting the capital distributions of CHF 0.75 (USD 0.77) and CHF 1.25 (USD 1.37) per share in May and December 2013.

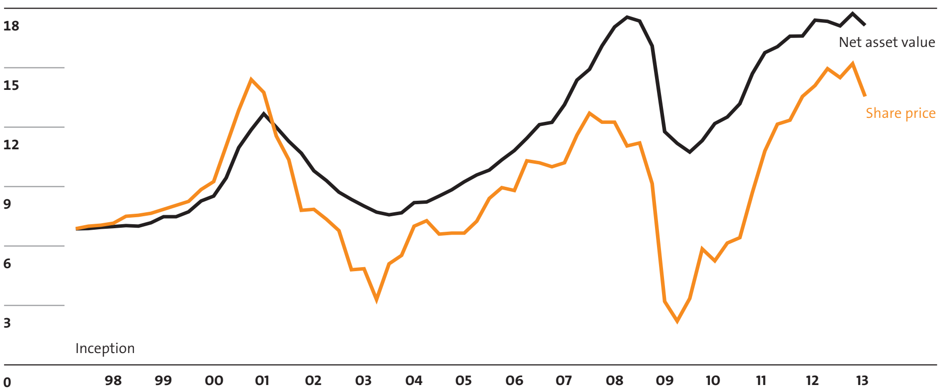
A stabilising economic environment

The global economy's uneven recovery inched forward during the course of 2013, with fast-growing emerging markets losing pace while developed nations gained strength. The global snapshot revealed the far-flung effects of monetary policy, as decisions by central bankers in developed nations reverberated through emerging markets. In 2013, central banks in the US, Japan and, to some extent, Europe showered money on their economies, held interest rates low and promised to continue to do so in a bid to animate a recovery that remained tepid almost five years after the worst recession since the great depression. In emerging markets such as Brazil and India, domestic demand softened and exports sagged as rates were boosted to stem inflation. Despite the contrasting fortunes, the overall global economy appeared to be stabilising as the year ended, sending up equity market indices by double digit percentages, 24.1 per cent in the case of the MSCI World index.

Private equity resurging from the global financial crisis

In this environment, private equity performed strongly throughout 2013 and continued its resurgence following the global financial crisis, in some areas even reaching activity levels last seen in 2007. Despite some slow periods, strong debt and equity markets helped support transaction activity that ended well ahead of 2012.

Share price and net asset value in US Dollar since inception (including repayment of capital contribution reserves)

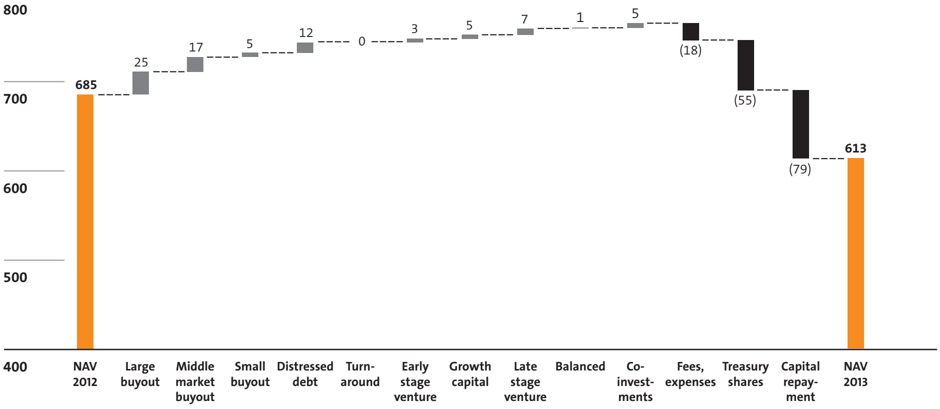


Strong debt and equity markets support deal activity

Successful private equity managers again demonstrated their ability to perceive and exploit changing market conditions for investments and divestments. Many deals got done in 2013, although only two topped USD 20 billion and barely a handful exceeded USD 5 billion. Yet, in an environment of rising stock prices, cheap financing and cautious economic optimism, private equity sponsors faced ample competition for attractive targets. Private equity managers reacted to challenging market conditions by increasing the proportion of "add-on" acquisitions and minority investments. Also, with the investment window closing on funds raised in 2007 and 2008 and with fears that the Federal Reserve might start tapering its liquidity policies, private equity managers will have wanted to continue to put capital to work, even in challenging market conditions.

However, in the absence of significant tapering by the Fed, US debt markets remained buoyant throughout the year. Debt markets in Europe continued to be characterised by the generally low lending capacity of Eurozone banks, Nevertheless, yield-hungry investors improved bond terms for issuers overall, in some cases providing capital at generous conditions previously seen just before the 2008 financial market crash.

NAV change by financial stage in 2013
in USD millions



Portfolio gains of USD 81 million and a USD 8 million currency gain

Growth in underlying portfolio valuations mainly driven by growth and large buyout investments

The net asset value of Castle Private Equity developed solidly throughout the year, increasing by over 10 per cent as of 31 December 2013 (adjusted for capital repayments). This positive development was both driven by the underlying portfolio companies' profit growth as well as by realisations of existing holdings over their carrying value. In 2013, the portfolio generated gains of USD 81 million, which includes a positive impact of USD 8 million from the 4.5 per cent increase of the Euro against the US dollar in the course of the year.

All investment stages in Castle's portfolio contributed positively to the net asset value development during the year 2013.

The buyout segment remained the main performance driver during the year

Investments in the buyout segment performed well during the year with an average IRR of 10 per cent for funds focusing on small transactions and 6 per cent for funds focusing on mid-market buyout investments. The contribution of large buyouts ended at 18 per cent for 2013, partially driven by the continued return to health of the debt markets as well as the global stock market rally. With a share of private equity assets of 13, 35 and 22 per cent for small, mid-market and large buyout transactions respectively, buyouts accounted for almost two-thirds of the portfolio by year-end.

Small buyout funds contributed a gain of USD 8 million for the year. The sector benefitted mainly from two factors: solid operating performances by underlying portfolio companies, as well as increased equity prices, leading to mark-to-market gains and positive movements in comparable valuation multiples. Returns were driven by a few funds. Key performer was Wynnchurch II, a US based small buyout manager who focuses on value-oriented investments in niche manufacturing and business services companies located in the US and selectively in Canada. The fund successfully sold its stake in Humanetics Innovative Solutions, Inc., the world's leading supplier in the design and manufacture of sophisticated crash test dummies.

Mid-market buyout oriented funds returned a gain of USD 17 million during the course of the year. The lion's share stems from SB Asia II, a leading private equity firm in Asia. During the year, SB Asia II completed a number of highly successful realisations such as the sale of CSS Corp to Partners Group or the IPO of Just Dial on the national stock exchange of India in June 2013.

Large buyout funds performed also positively, adding a gain of USD 25 million during the year. TPG Partners V was one of the main performance drivers. The fund completed a number of successful realisations during the course of the year, for example, the IPO of SCA in October 2013. SCA operates over 170 surgical facilities nationwide in partnership with physicians and leading health systems. Also in October 2013, the fund completed a recapitalisation of Aptalis, a leading specialty pharmaceutical company providing innovative, effective therapies for unmet medical needs. In addition, valuations of funds in this stage benefitted from their typically higher correlation with public market valuations.

Venture stage investments saw positive valuation developments during 2013

The performance of the venture stage investments of Castle was also positive in 2013 with IRRs of 4 per cent for early stage venture funds, 11 per cent for late stage venture investments and over 26 per cent for funds focusing on growth capital.

Early stage venture investments (7 per cent of private equity assets at year-end) returned a gain of USD 3 million during the past twelve months, reflecting an uptrend within the more volatile sector of technology investments. Carmel Ventures III contributed a gain during the course of the year mainly due to favourable market comparables and strong financial performances of a number of portfolio companies.

Major exits
In 2013

Month	Partnership	Company	Sector, location	Exit
January	The Triton Fund II, L.P.	Rütgers	chemicals, Germany	trade sale to Rain Commodities
January	The Triton Fund II, L.P.	Dematic	logistics automation, Germany	secondary sale to AEA Investors
February	Bancroft II, L.P. (Secondary – Atlantic)	Standard Profil	automotive sealing systems, Turkey	trade sale to Actera
March	Bain Capital Europe Fund III, L.P. Bain Capital Fund VIII-E, L.P.	Cerved	business information, Italy	secondary sale to CVC
March	Clayton, Dubilier & Rice Fund VII, L.P.	Hertz	car rental, USA	public markets
April	Chequers Capital FCPR	European Cargo Services	logistics, France	secondary sale to Alpha Private Equity
April	Asia Opportunity Fund II, L.P.	Exego	automotive parts, Australia	sale to Genuine Parts
April	Newbridge Asia IV, L.P.	Shriram Transport	commercial vehicle finance, India	block sale to Piramal
May	Court Square Capital Partners II, L.P.	CompuCom	IT services, US	secondary sale to TH Lee
June	Bancroft II, L.P. (Secondary – Atlantic)	Starman	telecommunications, Estonia	sale to East Capital Explorer
June	SB Asia Investment Fund II, L.P.	Cybernet	IT consulting and support, US	management buyout
July	OCM European Principal Opportunities Fund, L.P.	R&R Ice Cream	ice cream producer, UK	secondary sale to PAI
August	Warburg Pincus Private Equity VIII, L.P.	Nuance Communications	software, USA	public markets
September	Balderton Capital I, L.P.	Yoox	online fashion, Italy	public markets
September	Genstar Capital Partners V, L.P.	PRA	clinical research, USA	secondary sale to KKR
September	KKR European Fund II, L.P.	TDC	telecommunications, Denmark	public markets
October	Warburg Pincus Private Equity VIII, L.P. TPG Partners IV, L.P.	Neiman Marcus	department stores, US	secondary sale to Ares Management and Canada Pension plan
November	Court Square Capital Partners II, L.P.	MacDermid	chemicals, US	sale to Jarden Corp.
November	First Reserve XI, L.P.	Brand Energy	energy, US	secondary sale to CD&R
December	Wynnchurch Capital Partners II, L.P.	Humanetics	automotive safety, US	secondary sale to Golden Gate Capital
December	OCM European Principal Opportunities Fund, L.P.	Campofrio	frozen foods, Spain	block sale to Shuanghui International

The **late stage venture** segment (7 per cent of assets) also saw positive valuation developments. As Castle's portfolio of venture partnerships has become very mature, the surviving companies in those partnerships generally have developed significant businesses. Main value driver in 2013 was Index Venture III's realisations of Profibrix B.V., a leading company in the field of fibrinogen technology to the Medicines Company, a provider of medical solutions to improve health outcomes for patients in acute and intensive care hospitals worldwide.

Growth capital investments (4 per cent of assets) contributed a gain of USD 5 million for the year. The lion's share stems from Kennet III, an experienced growth equity investor. In December 2013 Kennet announced the sale of Prolexic Technologies Inc., a provider of cloud-based cyber-defence solutions, to Akamai Technologies, Inc.

Healthier debt markets supported positive valuation developments of distressed debt investments

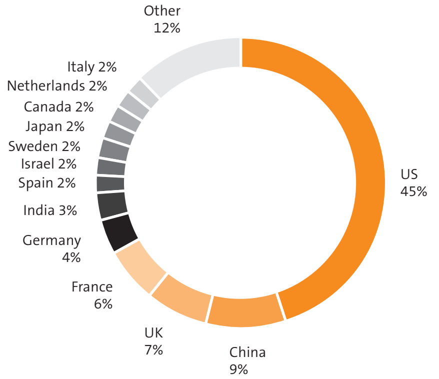
Distressed debt investments contributed almost 14 per cent IRR on 9 per cent of the company's assets. Most of the investments in this stage were valued using public debt market pricing.

Finally, **balanced** investments (3 per cent of assets) moved little throughout the year, generating returns of 1 per cent.

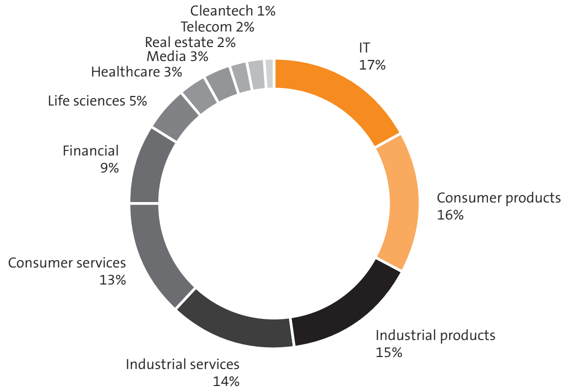
Portfolio review at the company level

Per December 2013

Geographical regions



Industry sectors



Support from currency movements

The strengthening of the Euro against the US dollar supported valuations by over USD 8 million in the course of the year.

Valuations typically based on September reports

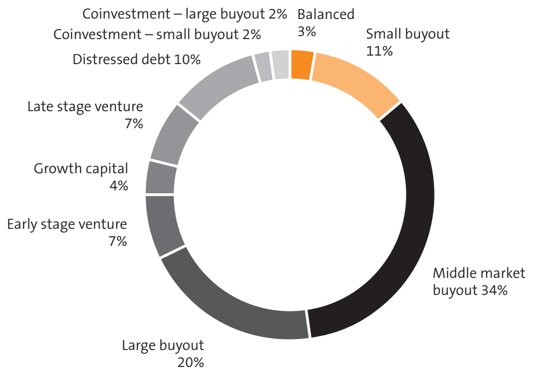
Castle's net asset value at year end partially reflects the valuations taken from the underlying fund's September manager reports. Only 35 per cent of Castle's private equity asset valuations are based on December 2013 reported valuations that arrived before the mid-February cutoff date. As in previous equity market upswings, valuations in 2013 lagged public equity market trends. Private equity valuations are produced by fund managers on the basis of realised profits and other detailed internal knowledge of underlying companies rather than – as in the case of publicly traded equities – by analysts using public information to assess future profitability. As a result, private equity valuations used in this report, usually reflecting the profitability of the latest twelve months of operations, do not reflect much of the 2014 outlook priced into public equity market valuations by the end of 2013.

Over 80 per cent of funds in realisation mode

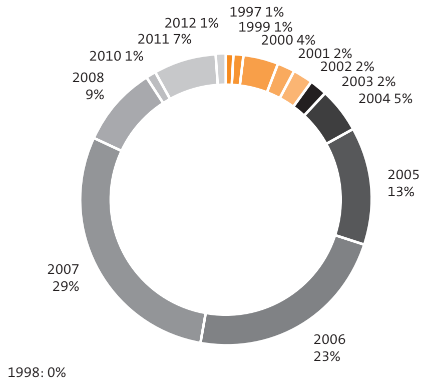
The portfolio continued to mature in the past year. Investments in realisation mode represent USD 482 million or 82 per cent of overall PE assets. NAV of even older investments, considered to be in their liquidation phase, amounted to USD 62 million (11 per cent). The NAV of investment phase exposure amounted to USD 41 million, or 7 per cent of overall PE assets by year-end.

Asset allocation (asset value)
Per December 2013

Financing stage



Vintage year



Major underlying company positions in 2013[1)]

Year invested	Partnership	Company	Sector, location
2007	Newbridge Asia IV, L.P.	China Grand Auto	automobile sales and service, China
2012	Stirling Square Capital Partners Omni Co-Investment, L.P.	Omni Helicopters International	transportation, Portugal
2007	OCM European Principal Opportunities Fund, L.P. OCM Principal Opportunities Fund IV, L.P.	Stock Spirits	beverages, UK
2008	Newbridge Asia IV, L.P.	Bank Tabungan Pensiunan Nasional	bank, Indonesia
2007	Columbia Capital Equity Partners IV (Non-US), L.P.	Communications Infrastructure	telecoms infrastructure, US
2011	CD&R Bounce Co-Investor, L.P.	Spie	construction, France
2011	Bain Capital Fund X, L.P. Bain Capital Skylark Holdings, L.P. Bain Capital X Coinvestment Fund, L.P.	Skylark	restaurant chain, Japan
2011	Kennet III A, L.P.	Prolexic Technologies	IT services, US
2008	Kennet III A, L.P.	Recommind	IT services, US
2007	Battery Ventures VII, L.P. Silver Lake Partners II, L.P. TPG Partners IV, L.P. TPG Partners V, L.P.	Sabre Holdings	travel services, US
2007	CDH China Fund III, L.P. CDH Supplementary Fund III, L.P.	Henan Shuanghui	meat producer, China
2006	Asia Opportunity Fund II, L.P. Bain Capital Fund IX, L.P. Bain Capital Fund VIII-E, L.P. Bain Capital Partners Coinvestment Fund IX, L.P.	Sensata Technologies	sensors and controls, US
2006	Bain Capital Fund IX, L.P. Bain Capital Partners Coinvestment Fund IX, L.P.	HCA	healthcare, US
2007	Bain Capital Fund IX, L.P. Bain Capital Partners Coinvestment Fund IX, L.P. Clayton, Dubilier & Rice Fund VII (Co-Investment), L.P. Clayton, Dubilier & Rice Fund VII, L.P.	HD Supply	industrial distribution, US
2008	Benchmark Israel II, L.P.	Conduit	IT services, Israel
2004	Warburg Pincus International Partners, L.P.	Kosmos Energy	oil exploration and production, US
2008	Apollo Overseas Partners VI, L.P. TPG Partners V, L.P.	Norwegian Cruise Line	cruise line operator, US
2006	SB Asia Investment Fund II, L.P.	58.com	online marketing, China
2007	Clayton, Dubilier & Rice Fund VII (Co-Investment), L.P. Clayton, Dubilier & Rice Fund VII, L.P.	US Foodservice	food distribution, US

1) Based on the latest available financial statements from the underlying private equity partnerships, i.e. 30 September 2013 and 30 June 2013.

A record year in terms of net cash inflows

Portfolio cash-flow positive by over USD 136 million

For the year 2013, Castle's portfolio recorded a record amount of net cash inflows of USD 136 million versus USD 81 million in 2012.

Mature assets as well as a responsive exit environment boost Castle's liquidity position

Partnership investments distributed a total of over USD 171 million back to Castle during the course of the year vs. USD 133 million in 2012. Distributions were generated from almost all available exit channels, including sales to strategic buyers, secondary buyouts (sale of a private equity-backed company to another private equity manager) as well as IPO's and recapitalisations as a consequence of more robust credit markets. The 2013 distributions amounted to 26 per cent of initial PE assets, an increase over the 20 per cent recorded for 2012.

Capital calls of underlying partnerships proved to be less and less relevant for 2013, with annual drawdowns of almost USD 46 million, equivalent to 28 per cent of initial uncalled capital. This capital was mainly used to support add-on acquisitions and some new investments. In the previous year, capital calls amounted to USD 70 million or 44 per cent of initial uncalled.

USD 55 million used for share buybacks

On top of the capital calls, USD 55 million was used by Castle to buy back its own shares for cancellation (2012: USD 27 million). These shares have been deducted from net asset value.

A further USD 79 million were returned to shareholders as a repayment of capital

As a consequence of Castle's strong liquidity position, shareholders on their annual general meeting on 15 May 2013 as well as on the extraordinary general meeting held on 27 November 2013 approved the distribution of CHF 28 million (USD 29 million) respectively CHF 45 million (USD 50 million) as a repayment of capital.

Uncalled capital reduced to USD 100 million or 16 per cent of NAV

Uncalled capital further reduced

Castle terminated its investment activity with the adoption of the harvesting strategy in April 2012. The amount of uncalled capital – commitments that underlying funds can still call for new investments – was reduced further by USD 22 million to USD 100 million or 16 per cent of total net assets. Roughly 18 per cent or USD 18 million of outstanding commitments stems from partnerships which reached their liquidation phase and therefore should not call any further funds. Over 50 per cent or USD 51 million of uncalled capital can be attributed to funds that were launched by or before 2006. Only limited additional calls from these funds should be expected, even though the actual cancellation of the uncalled capital will usually only be accounted for on the liquidation of the respective investments. The remainder of uncalled capital (USD 31 million) stems from 2007 and younger funds and may still be called to a significant extent in the coming years.

Increasing cash generation

As a result, the portfolio can be expected to remain significantly cash generative. With a decreasing share of proceeds from realisations required to meet uncalled capital, substantial cash will become available for share buybacks or for pay-out to investors and further reduce the discount of the share price to the net asset value per share.

Yours sincerely,

LGT Private Equity Advisers AG

Report of the statutory auditor on the consolidated financial statements

to the general meeting of
Castle Private Equity AG, Pfäffikon

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Castle Private Equity AG, which comprise the balance sheet, statement of comprehensive income, statement of cash flows, statement of changes in equity and notes (pages 16 to 63), for the year ended 31 December 2013.

Board of directors' responsibility
The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), the Article 14 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Article 14 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange as well as Swiss law.

Emphasis of matter
In accordance with Article 16 of the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange we draw attention to note 3, 12, and 20 e) of the consolidated financial statements. As indicated in note 12, the financial statements include unquoted investments stated at their fair value of USD 586 million. Because of the inherent uncertainty associated with the valuation of such investments and the absence of a liquid market, these fair values may differ from their realisable values, and the difference could be material. The determination of the fair values of these investments is the responsibility of the board of directors. The valuation procedures used are disclosed in note 3, 12 and 20 e) of the consolidated financial statements. We have reviewed the procedures applied by the board of directors in valuing such investments and have viewed the underlying documentation. While in the circumstances the procedures appear to be reasonable and the documentation appropriate, the determination of fair values involves subjective judgment which cannot be independently verified. Our opinion is not qualified in respect of this matter.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd.

Guido Andermatt	**Rolf Birrer**
Audit expert	Audit expert
Auditor in charge	

Zurich, 3 March 2014

Consolidated statement of comprehensive income

For the year ended 31 December 2013 (all amounts in USD thousands unless otherwise stated)

	Note	2013	2012
Income from non-current assets			
Net gain on financial instruments designated at fair value through profit or loss	12	80,748	81,206
Net gain on derivative financial instruments designated at fair value through profit or loss	12	741	107
Total gains from non-current assets		**81,489**	**81,313**
Income from current assets:			
Net loss on securities designated at fair value through profit or loss	12	(73)	(149)
Gain/(Loss) on foreign exchange net		738	(53)
Interest income	5	29	6
Other income		42	163
Total gains/(losses) from current assets		**736**	**(33)**
Total income		**82,225**	**81,280**
Expenses			
Management and performance fees	6	(12,740)	(16,116)
Expenses from investments		(3,287)	(3,675)
Other operating expenses	7	(1,777)	(2,018)
Total operating expenses		**(17,804)**	**(21,809)**
Operating profit		**64,421**	**59,471**
Finance costs	8	(3)	(31)
Profit for the year before taxes		**64,418**	**59,440**
Taxes	9	(3,774)	(840)
Profit for the year after taxes		**60,644**	**58,600**
Total comprehensive income for the year		**60,644**	**58,600**
Profit attributable to:			
Shareholders		60,644	58,600
Non-controlling interests		—	—
		60,644	**58,600**
Total comprehensive income attributable to:			
Shareholders		60,644	58,600
Non-controlling interests		—	—
		60,644	**58,600**
Earnings per share (USD) attributable to equity holders	2 (o)		
Weighted average number of shares outstanding during the year		37,039,041	40,041,089
Basic profit per share		USD 1.64	USD 1.46
Diluted profit per share		USD 1.64	USD 1.46

The accompanying notes on pages 20 to 63 form an integral part of these consolidated financial statements.

Consolidated balance sheet

As of 31 December 2013 (all amounts in USD thousands unless otherwise stated)

	Note	2013	2012[1]
Assets			
Current assets:			
Cash and cash equivalents	10	34,947	42,877
Other current assets	11	224	2,157
Total current assets		**35,171**	**45,034**
Non-current assets:			
Investments designated at fair value through profit or loss	12	585,112	649,445
Derivative financial instruments designated at fair value through profit or loss	12	1,069	328
Total non-current assets		**586,181**	**649,773**
Total assets		**621,352**	**694,807**
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	14	8,830	9,451
Total current liabilities		**8,830**	**9,451**
Equity			
Shareholders' equity:			
Share capital	15	127,677	141,863
Additional paid-in capital	15	121,210	171,296
Less treasury shares at cost	15	(4,856)	(4,856)
Less treasury shares 2nd line at cost (bought for cancellation)	15	(17,959)	(23,147)
Retained earnings		386,449	400,199
Total shareholders' equity before non-controlling interests		**612,521**	**685,355**
Non-controlling interests		**1**	**1**
Total equity		**612,522**	**685,356**
Total liabilities and equity		**621,352**	**694,807**
Net asset value per share (USD):	2 (o)		
Number of shares issued as at year end		37,530,000	41,700,000
Number of treasury shares as at year end	15	(575,885)	(575,885)
Number of treasury shares 2nd line (bought for cancellation) as at year end	15	(1,206,500)	(1,726,575)
Number of shares outstanding net of treasury shares as at year end		35,747,615	39,397,540
Net asset value per share		**17.13**	**17.40**

[1] The previous year figures have been adjusted to bring the USD amounts into line with the historical CHF/USD foreign exchange rates for share capital. See note 2 for further information.

The accompanying notes on pages 20 to 63 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2013 (all amounts in USD thousands unless otherwise stated)

	Note	2013	2012
Cash flows from/(used in) operating activities:			
Purchase of investments		(26,116)	(47,869)
Purchase of securities		(3,373)	(3,864)
Proceeds from callable return of invested capital in investments		8,685	9,181
Proceeds from return of invested capital in investments		82,992	61,343
Proceeds from realised gains on investments		76,131	60,915
Proceeds from sales of securities		6,533	3,721
Interest received	5	29	6
Proceeds from other realised income		1	27
Investment expenses paid		(3,256)	(3,123)
Withholding tax for investments	9	(3,767)	(1,907)
Other operating expenses paid	6,7	(12,000)	(14,917)
Capital tax paid	9	(28)	(26)
Net cash flows from operating activities		**125,831**	**63,487**
Cash flows from/(used in) financing activities:			
Finance costs		(138)	(120)
Proceeds from bank borrowings	13	2,500	52,200
Repayments of bank borrowings	13	(2,500)	(54,200)
Purchase of treasury shares 2nd line (bought for cancellation)	15	(55,571)	(26,340)
Capital repayments to investors	15	(78,782)	—
Net cash flows used in financing activities		**(134,491)**	**(28,460)**
Net (decrease)/increase in cash and cash equivalents		**(8,660)**	**35,027**
Cash and cash equivalents at beginning of year	10	**42,877**	**7,919**
Exchange gain/(loss) on cash and cash equivalents		730	(69)
Cash and cash equivalents at end of year		**34,947**	**42,877**
Cash and cash equivalents consist of the following as at 31 December:			
Cash at banks		4,947	16,877
Time deposits < 90 days		30,000	26,000
Total		**34,947**	**42,877**

The accompanying notes on pages 20 to 63 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2013 (all amounts in USD thousands unless otherwise stated)

	Share capital	Additional paid-in capital	Less treasury shares	Retained earnings	Non-controlling interests	Total equity
1 January 2012	**146,966**	**171,296**	**(16,086)**	**351,608**	**1**	**653,785**
Total comprehensive income for the year	—	—	—	58,600	—	58,600
Purchase of treasury shares 2nd line (bought for cancellation)	—	—	(27,029)	—	—	(27,029)
Cancellation of treasury shares 2nd line	(8,318)	—	15,112	(6,794)	—	—
Adjustment due to CHF/USD historical rates[1] on the cancellation of treasury shares	3,215	—	—	(3,215)	—	—
31 December 2012[1]	**141,863**	**171,296**	**(28,003)**	**400,199**	**1**	**685,356**
1 January 2013	**141,863**	**171,296**	**(28,003)**	**400,199**	**1**	**685,356**
Total comprehensive income for the year	—	—	—	60,644	—	60,644
Purchase of treasury shares 2nd line (bought for cancellation)	—	—	(54,697)	—	—	(54,697)
Cancellation of treasury shares 2nd line	(14,186)	—	59,885	(37,616)	—	8,083
Impact of CHF/USD historical rates on the cancellation of treasury shares	—	—	—	(8,083)	—	(8,083)
Capital repayments to investors	—	(50,086)	—	—	—	(50,086)
Impact of CHF/USD historical rates on the capital repayments to investors	—	—	—	(28,695)	—	(28,695)
31 December 2013	**127,677**	**121,210**	**(22,815)**	**386,449**	**1**	**612,522**

[1] The previous year figures have been adjusted to bring the USD amounts into line with the historical CHF/USD foreign exchange rates for share capital. See note 2 for further information.

The accompanying notes on pages 20 to 63 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year end 31 December 2013
(All amounts in USD thousands unless otherwise stated)

1 Organisation and business activity

Castle Private Equity AG, Pfäffikon (the "Company"), is a stock corporation established for an indefinite period by deed dated 19 February 1997. The Company's registered office is Schützenstrasse 6, CH-8808 Pfäffikon. The Company's business is principally conducted through two fully consolidated subsidiaries (the "Subsidiaries"); Castle Private Equity (Overseas) Ltd. (the "Overseas Subsidiary") and Castle Private Equity (International) plc (the "Ireland Subsidiary"). The Company and the Subsidiaries together constitute the "Group".

Subsidiaries
Castle Private Equity (Overseas) Ltd., Grand Cayman, was incorporated on 28 February 1997 as an exempted company under the laws of Cayman Islands. The authorised share capital of TUSD 57 is divided into voting non-participating management shares and non-voting participating ordinary shares. All voting non-participating management shares are held by LGT Group Foundation, Vaduz, the non-voting participating ordinary shares are entirely held by Castle Private Equity AG, Pfäffikon. The Group consolidates the Overseas Subsidiary in compliance with IFRS 10.

Castle Private Equity (International) plc, Dublin, was established on 18 December 2000 as an open-ended investment company with variable capital under the laws of Ireland. Its capital amounted to TUSD 616,670 per 31 December 2013 (per 31 December 2012: TUSD 683,220). It is a subsidiary of Castle Private Equity (Overseas) Ltd. The share capital is divided into voting non-participating management shares and non-voting participating shares. The management shares are held by LGT Group Foundation, LGT Bank (Ireland) Limited and LGT Fund Managers (Ireland) Limited. The participating shares are entirely held by the Overseas Subsidiary. The Company is an open-ended investment company with variable capital and limited liability authorised by the Central Bank of Ireland pursuant to the provisions of Part XIII of the Companies Act, 1990. The Group consolidates the Ireland Subsidiary in compliance with IFRS 10.

Stock market listing
Since 4 September 1998 the shares of the Company have been listed in Swiss Francs on the SIX Swiss Exchange. On 21 January 2002 a listing in US Dollar on the SIX Swiss Exchange followed. With effect from 16 December 2008 the Company converted its shares from bearer shares to registered shares and split its shares 10 for 1.

Business activity
The investment policy aims at a maximisation of the long-term value advancement by way of ceasing to enter further investment obligations and realising the Group's funds by harvesting the portfolio or private equity investments as their underlying assets are realised. The specialised and highly qualified management teams of these private equity investments invested the capital at their disposal in selected companies with a view to achieving significant value growth before selling their investment again.

Private equity investments mean professionally managed equity investments in the securities of private and public companies (e.g. during the restriction period after an Initial Public Offering "IPO"). Equity investments can take the form of a security which has an equity participation feature. Investments are made alongside the management to start, develop or transform privately owned companies, which demonstrate the potential for significant growth. It comprises investments in various financing stages; e.g.: seed, early, later, mezzanine, special situations (distressed), management buyouts and leveraged buyouts.

A prerequisite for the development and ultimate success of a private equity program is a systematic investment strategy and implementation of this strategy. The investment manager's knowledge of the market, its reputation as a long-term and value-added investor combined with its established network of relationships is essential to achieve this goal. No assurance can be given that the Group's investment objective will be achieved and investment results may vary substantially over time.

The consolidated financial statements are presented in US Dollar which is the Group's entities' functional currency and the Group's presentation currency.

As of 31 December 2013 and 31 December 2012 the Group did not employ any employees.

2 Summary of accounting policies for the consolidated financial statements

Basis of preparation
The accompanying consolidated financial statements of the Group for the year ended 31 December 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB) and comply with Swiss Law and the accounting guidelines laid down in the SIX Swiss Exchange's Directive on Financial Reporting (DFR) for investment companies.

The consolidated financial statements of the Group have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

In the previous year the US Dollar amounts for the cancellation of treasury shares on its second trading line were converted from Swiss Francs to US Dollars using the exchange rates from the time of purchase of these treasury shares instead of the historical rates from when the share capital was paid in. During 2013, the Group changed its accounting policy for the treatment of the exchange rates for the cancellation of treasury shares from exchange rates from the time of purchase of treasury shares to historical rates. Management judges that the new policy is preferable as it results in better presentation of the individual accounts of the shareholders' equity. Adjustments have been made to the 2012 comparative figures. The resulting differences between the two different exchange rates have been recognised in retained earnings (decrease of TUSD 3,215) and share capital (increase of TUSD 3,215), as shown in the consolidated statement of changes in equity on page 19. This change in accounting policy has not led to changes to the net asset values of previous periods.

For the capital repayments to investors and treasury shares cancellations which took place in 2013, the resulting differences between the historical rates and the exchange rates at the time of the transactions have been recognised in retained earnings, as shown in the consolidated statement of changes in equity on page 19.

a) Standards and amendments to published standards that are mandatory for the financial year beginning on or after 1 January 2013

- IFRS 10, "Consolidated Financial Statements", (effective 1 January 2013). The new standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. It supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation – Special Purpose Entities" and is effective for annual periods beginning on or after 1 January 2013. The Group decided for early adoption in 2011;
- IFRS 12, "Disclosure of Interests in Other Entities", (effective 1 January 2013) applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The Group decided for early adoption in 2011;
- IFRS 13, "Fair value measurement", (effective 1 January 2013). The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS; and
- Amendments to IFRS 7, "Disclosures – Offsetting financial assets and financial liabilities" (effective 1 January 2013) require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments did not have any impact on the Group's financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2013 that would be expected to have a material impact on the Group.

b) Standards and amendments to published standards effective after 1 January 2013 that have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group, except the following set out below:

- Amendments to IAS 32, "Offsetting financial assets and financial liabilities", (effective 1 January 2014). These amendments clarify the offsetting criteria in IAS 32 and address inconsistencies in their application. This includes clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. These amendments are not expected to have a material impact on the Group's financial statements; and

– IFRS 9, "Financial instruments", (effective 1 January 2015). This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace IAS 39, "Financial instruments: Recognition and measurement". IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group has yet to assess the full impact of this standard and has not yet decided when to adopt it.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the Group.

c) Use of estimates
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates. See also note 2 h) (iii).

d) Basis of consolidation
The consolidated financial statements are based on the financial statements of the individual Group companies prepared using uniform accounting principles and drawn up in accordance with the regulations governing the rendering of accounts in terms of the Listing Regulations of the SIX Swiss Exchange and with the International Financial Reporting Standards issued by the International Accounting Standards Board.

The consolidated financial statements include all assets and liabilities of the Company and its direct and indirect subsidiaries:
– Castle Private Equity (Overseas) Ltd., Cayman Islands; and
– Castle Private Equity (International) plc, Ireland.

Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date that control ceases.

Non-controlling interests are disclosed separately in the consolidated financial statements.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

e) Associates

Further to the subsidiaries fully consolidated, the Group holds ownership interest of more than 20 per cent in Chancellor Private Capital Offshore Partners II, L.P. (28.6 per cent) and the Chancellor Fund (99.8 per cent). As per November 2012 Chancellor Private Capital Offshore Partners II, L.P. is in liquidation.

Under IAS 28, a holding of 20 to 50 per cent or more will indicate significant influence and these investments should be classified as associates and be accounted for using the equity method. However, these standards do not apply to investments in associates and interests in joint ventures, held by venture capital organisations, which are classified as fair value through profit or loss in accordance with IAS 39, resulting in the measurement of the investments at fair value with changes in fair value recognised in the consolidated statement of comprehensive income.

The following schedule shows the latest available financial information of the associates.

As of 31 December 2013	Chancellor Private Capital Offshore Partners II, L.P. – in liquidation[1] TUSD	Chancellor Offshore Partnership Fund, L.P.[2] TUSD
Total assets	—	5,824
Total liabilities	—	(99)
Revenue	—	(1,782)
Profit	—	435

[1] Liquidated in 2012/2013.
[2] The September 2013 figures have been annualised.

As of 31 December 2012	Chancellor Private Capital Offshore Partners II, L.P. – in liquidation[1] TUSD	Chancellor Offshore Partnership Fund, L.P.[2] TUSD
Total assets	161	8,336
Total liabilities	(161)	(96)
Revenue	—	4,222
Profit	—	1,164

[1] The numbers are based on the audited report as of December 2011.
[2] The September 2012 figures have been annualised.

The Group has elected to measure these associates as investments at fair value through profit or loss with changes in fair value being recognised in the consolidated statement of comprehensive income.

f) Foreign currency

The functional currency of the Group is US Dollar. The use of US Dollar as the functional currency stems from the fact that the Group is investing in assets whose base currency is predominately in US Dollar. The Group has also used the US Dollar as its presentation currency.

Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are revalued into US Dollar at the exchange rates prevailing at the balance sheet date. Unrealised exchange gains and losses resulting from the revaluation of investments at fair value through profit or loss and denominated in foreign currency are recognised in the consolidated statement of comprehensive income. Other exchange gains and losses are also included in the consolidated statement of comprehensive income.

g) Cash and cash equivalents

Cash and cash equivalents comprise demand, call and term deposits with a maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise all cash, short-term deposits and other money market instruments with a maturity of three months or less, net of bank overdrafts on demand. Cash and cash equivalents are recorded at nominal value.

h) Financial instruments

Under IAS 39, the Group has designated all its investments and securities into the financial assets at fair value through profit or loss category. This category was chosen as it reflects the business of an investment fund: the assets are managed and their performance evaluated on a fair value basis and management decisions are therefore reflected in the consolidated statement of comprehensive income. The category of financial assets and liabilities comprises:

- Financial instruments designated at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes but which may be sold.
- Financial assets other than those at fair value through profit or loss are classified as loans and receivables and are carried at amortised cost, less impairment losses, if any.
- Financial liabilities that are not at fair value through profit or loss include payables under repurchase agreements and accounts payable.

(i) Recognition

The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

A regular way purchase of financial assets held for trading is recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded. A regular way purchase of financial assets designated as fair value through profit or loss is recognised using settlement date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded. Financial liabilities are not recognised until the entity becomes party to the contractual provisions of the instrument. Financial instruments are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards.

(ii) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the consolidated statement of comprehensive income. Financial assets classified as loans and receivables are carried at amortised cost, less impairment losses, if any. Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost.

(iii) Fair value measurement principles and estimation
The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. Prior to 1 January 2013, the quoted market price used for financial assets held by the Company was the current bid price; the quoted market price for financial liabilities was the current asking price. The Company adopted IFRS 13, "Fair value measurement", from 1 January 2013 and changed its fair valuation inputs to utilise the last traded market price for both financial assets and financial liabilities. The board of directors considers markets to be active when transactions are occurring frequently enough on an ongoing basis to obtain reliable pricing information on an ongoing basis. If observed transactions are no longer regularly occurring, or the only observed transactions are distressed/forced sales, the market would no longer be considered active. In cases where it is judged that there is no longer an active market, any transactions that occur may nevertheless provide evidence of current market conditions which will be considered in estimating a fair value using the valuation technique as described. Financial instruments are assessed separately when determining if there is an active market.

Private equity investments for which market quotations are not readily available are valued at their fair values as described in the process below. The sole responsibility for determining the fair values lies with the board of directors. In estimating the fair value of fund investments, the investment manager in its valuation recommendation to the board of directors considers all appropriate and applicable factors (including a sensitivity to non-quantifiable market factors) relevant to their value, including but not limited to the following:

– reference to the fund investment's reporting information including consideration of any time lags between the date of the latest available reporting and the balance sheet date of the Group in those situations where no December valuation of the underlying fund is available (65.5 per cent of private equity assets as of 14 February 2014). This includes a detailed analysis of exits (trade sales, initial public offerings, etc.) which the fund investments have gone through in the period between the latest available reporting and the balance sheet date of the Group, as well as other relevant valuation information. This information is a result of continuous contact with the investment managers and, specifically, by monitoring calls made to the investment managers, distribution notices received from the investment managers in the period between the latest available report and the balance sheet date of the Group, as well as the monitoring of other financial information sources and the assessment thereof;
– reference to recent transaction prices;
– result of operational and environmental assessments: periodic valuation reviews are made of the valuations of the underlying investments as reported by the investment managers to determine if the values are reasonable, accurate and reliable. These reviews include a fair value estimation using widely recognised valuation methods such as multiples analysis and discounted cash flow analysis;
– review of management information provided by the managers/administrators of the fund investments on a regular basis; and
– mark-to-market valuations for quoted investments held by the managers/administrators of the fund investments which make up a significant portion of the Group's net asset value.

If the board of directors comes to the conclusion upon recommendation of the investment manager after applying the above-mentioned valuation methods, that the most recent valuation reported by the manager/administrator of a fund investment is materially misstated, it will make the necessary adjustments using the results of its own review and analysis. Refer to note 3 for more details.

The Group can also invest in derivative instruments. Currently the Group is only invested in one deferred put option. Options are derivative contracts where the future payoffs to the buyer and seller of the contract are determined by the price of another security. A put option is an agreement in which the buyer has the right (but not the obligation) to exercise by selling an asset at a set price at a future date. Derivatives are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques such as discounted cash flow models and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e., the fair value of the consideration given or received). Subsequent changes in the fair value of any derivative instrument are recognised immediately in the consolidated statement of comprehensive income.

(iv) Realised gains and losses
Realised gains and losses on investments and securities are shown on a net basis in the consolidated statement of comprehensive income. Realised gains are recognised as being the difference between the cost value of an investment and the proceeds received upon the sale of the investments in the year that the investment was sold.

(v) Dividends
Dividends are recognised in the consolidated statement of comprehensive income within realised gains at the time upon the declaration of such dividends.

(vi) Interest income and finance costs
Interest income and finance costs as well as other income and expenses are recognised in the consolidated statement of comprehensive income on an accruals basis based on the effective interest method.

(vii) Offsetting
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

i) Derivatives
The Group may purchase and sell (write) call and put options on securities, securities indices and foreign currencies traded in the over-the-counter market for the purposes of efficient portfolio management.

When the Group purchases a call option, a premium is paid by the Group. The premium on purchased call options exercised is included in determining initial fair value of the securities or foreign currency purchased. The premium is subsequently marked-to-market to reflect the fair value of the option purchased, which is reported as an asset on the consolidated balance sheet of the Group. Premiums paid for the purchase of options which expire unexercised are treated as realised losses.

The options are valued at close of business on the dealing day at the settlement price as provided by the counterparty LGT Bank AG. In the event of it being impossible or incorrect to carry out, a valuation of a specific investment in accordance with the valuation rules, or if such valuation is not representative of a security's fair market value, the board of directors of the Company or their delegate are entitled to use other generally recognised valuation methods in order to reach a proper valuation of that specific instrument.

j) Other current assets
Other current assets are recognised initially at fair value and subsequently measured at amortised cost. The difference between the expenses and the other current assets is recognised over the period of the receivable using the effective interest method.

k) Due to banks
Amounts due to banks are recognised initially at fair value, net of transaction costs incurred. Due to banks are subsequently stated at amortised cost; any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

l) Accounts payable and accrued liabilities
Accounts payable and accrued liabilities are recognised initially at fair value and subsequently stated at amortised cost. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective interest method.

m) Treasury shares
The Company can buy and sell treasury shares in accordance with the Company's articles of association, Swiss company law and in compliance with the listing rules of the SIX Swiss Exchange. Treasury shares are treated as a deduction from shareholders' equity. The gains and losses on sales of treasury shares are credited or charged to the retained earnings account.

n) Share capital
The share capital of the Company at 31 December 2013 amounts to TCHF 187,650 (TUSD 127,677) consisting of 34,530,000 issued an fully paid registered shares with a par value of CHF 5 each. Each share entitles the holder to participate in any distribution of income and capital.

o) Net asset value per share and earnings per share
The net asset value per share is calculated by dividing the net assets included in the consolidated balance sheet (excluding non-controlling interests) by the number of participating shares outstanding less treasury shares at the year end.

Basic profit per share is calculated by dividing the net profit attributable to the shareholders by the weighted average number of shares outstanding during the year. Diluted profit per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive shares.

p) Taxes
General: taxes are provided based on reported income. Capital taxes paid are recorded in other operating expenses.

The Group currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Taxes are shown as a separate item in the consolidated statement of comprehensive income.

Castle Private Equity AG, Pfäffikon: for Schwyz cantonal and communal tax purposes, the Company is taxed as a holding company and is as such only liable for capital taxes. All relevant income of the Company, including the dividend income and capital gains from its investments, is exempt from taxation at the cantonal and communal level. The result of the participation exemption relief is that dividend income and capital gains are almost fully excluded from taxation.

Castle Private Equity (Overseas) Ltd., Grand Cayman: the activity of the Overseas Subsidiary is not subject to any income, withholding or capital gains taxes in the Cayman Islands. Generally, the Overseas Subsidiary intends to conduct its affairs so as not to be liable to taxation in any other jurisdiction.

Castle Private Equity (International) plc, Dublin: the Ireland Subsidiary is not liable to Irish tax on its income or gain.

q) Segment reporting

IFRS 8 requires entities to define operating segments and segment performance in the financial statements based on information used by the chief operating decision-maker. The investment manager is considered to be the chief operating decision-maker. An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments.

The sole operating segment of the Group is investing in private equity investments. The investment manager works as a team for the entire portfolio, asset allocation is based on a single, integrated investment strategy and the Group's performance is evaluated on an overall basis. Thus the results published in this report correspond to the sole operating segment of investing in private equity.

r) Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or to exercise significant influence over the other party in making financial and operating decisions.

3 Critical accounting estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are the fair value of non-quoted instruments. The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. Private equity investments for which market quotations are not readily available are valued at their fair values outlined in note 2 h) (iii). The investment manager and the board of directors use their judgment to select a variety of methods and makes assumptions that are not always supported by quantifiable market prices or rates. The use of valuation techniques requires them to make estimates. The amounts realised may differ from the fair value reflected in these financial statements and the differences may be material. Changes in assumptions could affect the reported fair value of these investments. As of 31 December the level of fair values for unquoted investments for which the board of directors made valuation adjustments is as follows:

	2013 TUSD	**2012 TUSD**
Fair value of investments designated at fair value through profit or loss whose valuations were adjusted	964	1,727
% of total fair value of investments designated at fair value through profit or loss	**0.16%**	**0.27%**

If the valuation adjustments had not been made, shareholders' equity would have increased to TUSD 613,484 (31 December 2012: TUSD 686,408).

4 Foreign exchange rates

The following exchange rates have been applied to translate the foreign currencies of significance for the Group:

Foreign exchange rates	Unit	2013 USD	2012 USD
Year-end rates			
Swiss Francs	1 CHF	1.124733	1.093195
British Pound	1 GBP	1.656101	1.624800
Euro	1 EUR	1.378000	1.319250

Foreign exchange rates	Unit	2013 USD	2012 USD
Average annual rates			
Swiss Francs	1 CHF	1.082625	1.072152
British Pound	1 GBP	1.569637	1.589561
Euro	1 EUR	1.328540	1.291634

5 Interest income

Interest income for the year was earned on:

Interest income	2013 TUSD	2012 TUSD
Interest income from deposit at related party	12	2
Interest income from deposit at third party	17	4
Total	**29**	**6**

6 Management and performance fees

Management and performance fees are composed as follows:

Management and performance fees	2013 TUSD	2012 TUSD
Management fee – related party	6,505	10,251
Performance fee – related party	6,235	5,865
Total	**12,740**	**16,116**

7 Other operating expenses

Other operating expenses are composed as follows:

Other operating expenses	2013 TUSD	2012 TUSD
Related party fees:		
Credit facility standby fees	190	280
Administrative fees	383	407
Directors' fees and expenses	264	358
Domicile fees	11	10
Third party fees:		
Custody fees	198	208
Annual and quarterly reports	87	84
Legal fees	76	97
Tax advisory fees	110	64
Audit fees	178	174
Project expenses	2	100
Capital taxes	28	27
Other expenses	250	209
Total	**1,777**	**2,018**

8 Finance costs

Interest expense for the year was paid on:

Finance costs	2013 TUSD	2012 TUSD
Due to banks – related party	1	25
Due to banks – third party	2	6
Total	**3**	**31**

9 Taxes

Reconciliation of income tax calculated with the applicable tax rate:

Income tax reconciliation	2013 TUSD	2012 TUSD
Profit for the year before income tax	64,418	59,440
Applicable tax rate	7.8%	7.8%
Income tax	5,025	4,650
Effect from: non-taxable income	(4,963)	(4,636)
Total	**62**	**14**

The applicable tax rate is the same as the effective tax rate. Refer to 2 p) for more information on taxes.

Taxes	2013 TUSD	2012 TUSD
Withholding tax for investments	3,712	826
Income tax	62	14
Total	**3,774**	**840**

The Group currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the consolidated statement of comprehensive income. Withholding taxes are shown as a separate item in the consolidated statement of comprehensive income.

10 Cash and cash equivalents

Cash and cash equivalents consist of:

Cash and cash equivalents	2013 TUSD	2012 TUSD
Cash at banks		
Related party	439	165
Third party	4,508	16,712
Time deposit		
Related party	—	8,000
Third party	30,000	18,000
Total	**34,947**	**42,877**

The Company has no cash holdings which are not at its disposal. The carrying amounts of the cash and cash equivalents approximate fair value.

Cash flow reconciliation

The following is a reconciliation between the cash flow statement on page 18 and the investments movement schedule on pages 40 and 41.

	Investments			Marketable securities	
1 January 2013 – 31 December 2013	**Additions (capital calls)**	**Disposals (returns of capital)**	**Realised gains and losses**	**Additions (capital calls)**	**Disposals (returns of capital) and realised losses**
Movement schedule (page 40)	**19,057**	**(85,341)**	**(78,797)**	**6,606**	**(6,606)**
Cash flows for investment activities	—	82,992	76,131	(3,373)	6,606
Purchase of investments	(26,116)	—	—	—	—
Proceeds from callable return of invested capital in investments	8,685	—	—	—	—
Non cash transactions					
Deemed distributions and account reclassification[1]	(1,626)	2,517	2,498	(3,233)	—
In kind distributions[2]	—	—	—	—	—
Revaluation of foreign currency positions[3]	—	(168)	168	—	—
Accounts receivable	—	—	—	—	—
Total cash and non cash transactions	**(19,057)**	**85,341**	**78,797**	**(6,606)**	**6,606**
Reconciliation	—	—	—	—	—

	Investments			Marketable securities	
1 January 2012 – 31 December 2012	**Additions (capital calls)**	**Disposals (returns of capital)**	**Realised gains and losses**	**Additions (capital calls)**	**Disposals (returns of capital) and realised losses**
Movement schedule (page 41)	**35,145**	**(58,000)**	**(61,269)**	**3,864**	**(3,864)**
Cash flows for investment activities	—	61,343	60,942	—	3,864
Purchase of investments	(47,869)	—	—	—	—
Proceeds from callable return of invested capital in investments	9,181	—	—	—	—
Non cash transactions					
Deemed distributions and account reclassification[1]	3,543	(2,817)	(199)	—	—
In kind distributions[2]	—	—	—	(3,864)	—
Revaluation of foreign currency positions[3]	—	(526)	526	—	—
Accounts receivable	—	—	—	—	—
Total cash and non cash transactions	**(35,145)**	**58,000**	**61,269**	**(3,864)**	**3,864**
Reconciliation	—	—	—	—	—

[1] Deemed distributions and account reclassification – when a general partner determines to retain and use distributable cash for a future contribution, the amount of such cash will be treated as a non-cash contribution and distribution. Account reclassification is required when such a deemed distribution is reported by the general partner.
[2] In kind distributions – a distribution of marketable securities instead of a cash distribution.
[3] Revaluation of foreign currency positions – as at every month-end the Group revalues the cumulative return of capital amount for foreign currency investments based on the average paid-in capital exchange rate. The resulting adjustment is booked as realised forex gain/(loss) on investments.

11 Other current assets

Other current assets consist of:

Other current assets	2013 TUSD	2012 TUSD
Receivable from investments	124	1,227
Other receivables	100	930
Total	**224**	**2,157**

12 Investments and securities designated at fair value through profit or loss

As of 31 December 2013 the Group had subscribed interests in 114 (31 December 2012: 119) private equity investment vehicles (mainly limited partnerships), domiciled in the United States of America, the Cayman Islands, Europe and other jurisdictions. The total committed capital amounted to TUSD 1,388,515 (31 December 2012: TUSD 1,403,307) of which TUSD 1,288,558 (31 December 2012: TUSD 1,280,882) was paid in. The details of the investments are shown in the investment table on pages 35 to 39.

All investments generally have an investment period of nine years or more and are subject to restrictions on transferability or disposal. The following partnerships do not directly invest into companies but invest in other private equity partnerships:
– Chancellor Partnership Fund, L.P.
– Landmark Equity Partners III, L.P.
– Invesco Venture Partnership Fund II, L.P.
– Crown Global Secondaries plc
– Crown Asia-Pacific Private Equity plc
– Crown European Buyout Opportunities II plc
– Conversus Capital, L.P.
– Portpep Ltd.

The board of directors, together with the investment manager, has reviewed the valuation of the underlying private equity investments per 31 December 2013.

Investments and securities designated at fair value through profit or loss[1)]

As of 31 December 2013 (all amounts in USD thousands unless otherwise stated)

	Deal currency	Vintage year	Geography	Commitment 31.12.2012	Cost 1.1.2012	Cost 31.12.2012	Fair value 31.12.2012	Commitment 31.12.2013	Cost 31.12.2013	Fair value 31.12.2013	FMV in %
Balanced stage											
Chancellor Offshore Partnership Fund, L.P.	USD	1997	North America	235,000	—	—	7,006	235,000	—	4,748	0.81%
Chancellor Partnership Fund, L.P.	USD	1997	North America	14,518	—	—	524	14,518	—	386	0.07%
Landmark Equity Partners III, L.P. (Secondary – Vinegar)[2),5)]	USD	1998	North America	12,171	—	—	155	12,171	—	154	0.03%
Crown Global Secondaries plc	USD	2004	North America	30,000	13,158	11,511	13,785	30,000	9,412	11,141	1.90%
Conversus Capital, L.P.	USD	2007	North America	15,000	6,729	6,729	5,426	—	—	—	0.00%
Total balanced stage				**306,689**	**19,887**	**18,240**	**26,896**	**291,689**	**9,412**	**16,429**	**2.80%**
Buyout stage											
Large buyout											
Doughty Hanson & Co III, L.P. 15	USD	1997	Europe	10,000	2,003	2,292	1,262	10,000	2,292	1,899	0.32%
Clayton, Dubilier & Rice Fund VI, L.P.	USD	1998	North America	10,000	4,823	4,427	2,139	10,000	3,414	853	0.15%
Silver Lake Partners, L.P.	USD	1999	North America	5,000	1,087	1,087	6	—	—	—	0.00%
BC European Capital VII[3)]	EUR	2000	Europe	13,193	2,340	2,177	280	13,780	2,159	247	0.04%
Permira Europe II, L.P. II[3)]	EUR	2000	Europe	13,193	2,823	2,576	457	13,780	2,340	481	0.08%
T3 Parallel, L.P.	USD	2000	North America	3,740	—	—	10	3,740	—	10	0.00%
TPG Parallel III, L.P.	USD	2000	North America	5,000	1,491	1,469	653	5,000	1,300	428	0.07%
T3 Parallel II, L.P.	USD	2001	North America	5,000	1,520	1,520	655	5,000	1,520	609	0.10%
Warburg Pincus Private Equity VIII, L.P.	USD	2001	North America	15,000	4,226	2,816	12,568	15,000	193	8,324	1.42%
Permira Europe III, L.P. II[3)]	EUR	2003	Europe	13,193	6,972	6,290	4,011	13,780	6,087	3,976	0.68%
TPG Partners IV, L.P.	USD	2003	North America	15,000	10,693	9,673	8,263	15,000	8,200	7,111	1.21%
Silver Lake Partners II, L.P.	USD	2004	North America	10,000	5,762	5,665	5,441	10,000	4,734	4,579	0.78%
Silver Lake Partners, L.P. (Secondary – Silver)[5)]	USD	2004	North America	628	178	178	1	—	—	—	0.00%
Clayton, Dubilier & Rice Fund VII, L.P.	USD	2005	North America	15,000	11,362	10,077	13,338	15,000	7,561	10,744	1.83%
Greenhill Capital Partners II, L.P.	USD	2005	North America	10,000	6,539	5,439	5,423	10,000	5,502	3,737	0.64%
KKR European Fund II, L.P.[3)]	EUR	2005	Europe	13,193	11,762	11,117	10,744	13,780	8,835	8,458	1.44%
First Reserve XI, L.P.	USD	2006	North America	15,000	9,466	12,247	12,553	15,000	10,873	10,658	1.82%
Permira IV, L.P. 2[3)]	EUR	2006	Europe	13,852	10,304	10,657	6,996	14,469	8,776	6,999	1.19%
TPG Partners V, L.P.	USD	2006	North America	30,000	24,652	23,711	18,449	30,000	23,213	20,561	3.51%
Clayton, Dubilier & Rice Fund VII (Co-Investment), L.P.	USD	2007	North America	3,000	2,507	2,735	2,862	3,000	2,320	2,928	0.50%
Bain Capital Fund X, L.P.	USD	2008	North America	12,000	7,866	9,757	9,423	12,000	10,046	11,197	1.91%
Bain Capital X Coinvestment Fund, L.P.	USD	2008	North America	1,500	364	364	286	420	329	307	0.05%
TPG Partners VI, L.P.	USD	2008	North America	18,000	9,871	10,555	12,002	18,000	11,443	13,436	2.29%
Total large buyout				**250,492**	**138,611**	**136,829**	**127,822**	**246,749**	**121,137**	**117,542**	**20.05%**
Middle market buyout											
Carlyle II Co-Investments[6)]	USD	1997	North America	395	108	108	15	395	108	15	0.00%
Carlyle International Partners II, L.P.	USD	1997	North America	3,000	73	73	34	3,000	73	36	0.01%
3i Europartners IIIA, L.P.[3)]	EUR	1999	Europe	13,193	1,781	1,461	166	13,780	1,456	68	0.01%
The Triton Fund (No. 9) L.P.[3)]	EUR	1999	Europe	11,467	2,154	1,221	1,807	11,978	1,213	1,292	0.22%
Newbridge Asia III, L.P.	USD	2000	Other	10,000	1,225	1,225	77	10,000	1,225	73	0.01%

	Deal currency	Vintage year	Geography	Commitment 31.12.2012	Cost 1.1.2012	Cost 31.12.2012	Fair value 31.12.2012	Commitment 31.12.2013	Cost 31.12.2013	Fair value 31.12.2013	FMV in %
Warburg Pincus International Partners, L.P.	USD	2000	Europe	10,000	2,471	1,679	6,782	10,000	877	5,241	0.89%
Bain Capital Fund VII-E, L.P.	USD	2002	Europe	8,000	1,856	1,642	975	8,000	1,205	63	0.01%
J.W. Childs Equity Partners III, L.P.	USD	2002	North America	12,000	5,289	4,660	6,542	12,000	4,346	5,804	0.99%
Bain Capital Fund VIII-E, L.P.[3)]	EUR	2004	Europe	13,193	9,224	8,327	8,352	13,780	6,710	6,243	1.07%
Odyssey Investment Partners III, L.P.	USD	2004	North America	10,000	3,764	3,784	6,168	10,000	3,784	5,514	0.94%
Asia Opportunity Fund II, L.P.	USD	2005	Other	7,000	4,736	3,434	4,416	7,000	2,903	2,976	0.51%
Newbridge Asia IV, L.P.	USD	2005	Other	10,000	7,183	6,904	13,933	10,000	5,914	8,902	1.52%
SB Asia Investment Fund II, L.P.	USD	2005	Other	7,000	4,652	3,925	8,868	7,000	3,362	11,032	1.88%
Chequers XV, FCPR[3)]	EUR	2006	Europe	10,554	8,492	8,240	9,671	11,024	8,139	10,249	1.75%
Court Square Capital Partners II, L.P.	USD	2006	North America	15,000	9,210	11,127	14,900	15,000	8,853	9,609	1.64%
Polish Enterprise Fund VI, L.P.[3)]	EUR	2006	Europe	13,193	9,410	9,895	8,220	13,780	9,812	10,463	1.78%
The Triton Fund II, L.P.[3)]	EUR	2006	Europe	15,831	11,380	11,327	14,158	16,536	9,982	7,519	1.28%
Wellspring Capital Partners IV, L.P.	USD	2006	North America	10,000	8,711	5,951	7,923	10,000	5,448	6,459	1.10%
Advent Latin American Private Equity Fund IV, L.P.	USD	2007	Other	10,000	8,269	8,688	9,319	10,000	6,736	6,005	1.02%
CDH China Fund III, L.P.	USD	2007	Other	9,000	6,378	5,415	9,270	9,000	3,085	8,180	1.40%
CDH Supplementary Fund III, L.P.	USD	2007	Other	3,000	1,435	1,757	2,684	3,000	1,645	2,789	0.48%
Crown Asia-Pacific Private Equity plc	USD	2007	Other	40,000	26,393	27,689	34,985	40,000	27,115	32,017	5.46%
EOS Capital Partners IV, L.P.	USD	2007	North America	15,000	4,159	7,589	9,257	15,000	8,422	10,725	1.83%
Genstar Capital Partners V, L.P.	USD	2007	North America	10,000	8,260	7,356	9,132	10,000	5,871	7,268	1.24%
SAIF Partners III, L.P.	USD	2007	Other	10,000	9,650	9,650	14,174	10,000	9,650	12,451	2.12%
STG III, L.P.	USD	2007	North America	9,450	6,982	7,994	9,040	9,450	7,744	9,965	1.70%
Bain Capital Europe Fund III, L.P.[3)]	EUR	2008	Europe	13,193	5,842	7,838	8,131	13,780	9,283	9,840	1.68%
Hahn & Company I, L.P.	USD	2011	Other	10,000	1,138	5,375	5,916	10,000	4,849	6,965	1.19%
Bain Capital Asia Fund II, L.P.	USD	2012	Other	10,000	—	1,775	1,775	10,000	2,675	3,011	0.51%
Total middle market buyout				**319,469**	**170,225**	**176,109**	**226,690**	**323,503**	**162,485**	**200,774**	**34.25%**
Small buyout											
Chequers Capital FCPR[3)]	EUR	2002	Europe	11,214	5,144	4,888	5,308	11,713	4,182	4,025	0.69%
MBO Capital FCPR[3)]	EUR	2002	Europe	6,596	—	—	1,724	6,890	—	1,377	0.23%
Nmas1 Private Equity Fund No.2 L.P.[3)]	EUR	2002	Europe	6,596	3,131	1,401	282	6,890	1,381	306	0.05%
Arsenal Capital Partners QP II-B, L.P.	USD	2006	North America	13,000	10,137	8,692	16,244	13,000	8,907	14,604	2.49%
Bancroft II, L.P. (Secondary – Atlantic)[3),5)]	EUR	2006	Europe	4,980	1,479	1,373	5,667	5,202	—	762	0.13%
J.P. Morgan Italian Fund III (Secondary – Atlantic)[3),5)]	EUR	2006	Europe	9,835	6,564	6,183	1,727	10,273	6,183	964	0.16%
Wynnchurch Capital Partners II, L.P.	USD	2006	North America	7,500	4,991	4,602	4,407	7,500	4,223	4,528	0.77%
Crown European Buyout Opportunities II plc[3)]	EUR	2007	Europe	39,578	16,840	18,542	21,293	41,340	19,936	24,433	4.17%
PortPEP Limited (Secondary – Port)[3)]	EUR	2011	Europe	14,248	9,980	8,165	11,379	14,882	8,794	14,249	2.43%
Total small buyout				**113,547**	**58,266**	**53,846**	**68,031**	**117,690**	**53,606**	**65,248**	**11.13%**
Total buyout stage				**683,508**	**367,102**	**366,784**	**422,543**	**687,942**	**337,228**	**383,564**	**65.43%**

	Deal currency	Vintage year	Geography	Commitment 31.12.2012	Cost 1.1.2012	Cost 31.12.2012	Fair value 31.12.2012	Commitment 31.12.2013	Cost 31.12.2013	Fair value 31.12.2013	FMV in %
Special situations stage											
Distressed debt											
OCM Opportunities Fund IV, L.P.	USD	2001	North America	5,000	—	—	16	5,000	—	19	0.00%
OCM Principal Opportunities Fund II, L.P.	USD	2001	North America	5,000	—	—	108	5,000	—	20	0.00%
OCM Opportunities Fund IVb, L.P.	USD	2002	North America	5,000	—	—	11	5,000	—	13	0.00%
Sun Capital Securities Offshore Fund, Ltd.	USD	2004	North America	10,000	6,432	6,159	2,754	10,000	5,581	2,626	0.45%
OCM European Principal Opportunities Fund, L.P.	USD	2006	Europe	15,000	11,526	9,253	17,728	15,000	—	4,728	0.81%
OCM Principal Opportunities Fund IV, L.P.	USD	2006	North America	10,000	8,200	5,109	8,196	10,000	1,117	5,880	1.00%
Sun Capital Securities Offshore Fund, Ltd. (Second Tranche)	USD	2006	North America	10,000	3,478	3,263	2,807	10,000	2,294	2,409	0.41%
Fortress Investment Fund V (Coinvestment Fund D), L.P.	USD	2007	North America	7,200	6,722	6,722	4,226	7,200	6,158	4,134	0.71%
Fortress Investment Fund V (Fund D), L.P.	USD	2007	North America	7,500	6,725	6,725	6,694	7,500	6,002	7,441	1.27%
OCM Opportunities Fund VII, L.P.	USD	2007	North America	10,000	4,444	571	4,029	10,000	—	2,492	0.43%
Castlelake I, L.P.	USD	2007	North America	15,000	15,000	12,838	17,062	15,000	7,664	13,941	2.38%
Oaktree European Credit Opportunities Fund, L.P.[3)]	EUR	2008	Europe	13,193	4,764	4,764	307	13,780	4,764	219	0.04%
OCM European Principal Opportunities Fund II, L.P.[3)]	EUR	2008	Europe	9,894	7,812	8,545	10,137	10,335	4,970	8,334	1.42%
OCM Opportunities Fund VIIb, L.P.	USD	2008	North America	13,500	4,253	—	5,954	13,500	—	3,641	0.62%
Total distressed debt				**136,287**	**79,356**	**63,949**	**80,029**	**137,315**	**38,550**	**55,897**	**9.54%**
Total special situations stage				**136,287**	**79,356**	**63,949**	**80,029**	**137,315**	**38,550**	**55,897**	**9.54%**
Venture stage											
Early stage venture											
Chancellor Private Capital Offshore Partners II, L.P.	USD	1997	North America	25,000	—	—	—	25,000	—	—	0.00%
Strategic European Technologies N.V.[3)]	EUR	1997	Europe	9,040	—	—	357	9,442	—	259	0.04%
Galileo II FCPR[3)]	EUR	1998	Europe	8,045	—	—	5	—	—	—	0.00%
Invesco Venture Partnership Fund II, L.P.	USD	1999	North America	15,000	2,781	2,455	2,067	15,000	2,111	1,643	0.28%
Balderton Capital I, L.P.	USD	2000	Europe	5,333	3,951	3,877	2,676	5,333	3,329	2,150	0.37%
Chancellor V, L.P.	USD	2000	North America	20,000	6,727	6,284	4,339	20,000	5,132	3,516	0.60%
Galileo III FCPR[3)]	EUR	2000	Europe	8,335	5,447	3,272	2,649	8,707	3,157	3,239	0.55%
Jerusalem Venture Partners IV, L.P.	USD	2000	Other	8,000	1,510	1,510	2,748	8,000	1,061	1,731	0.30%
Galileo IIB FCPR[3)]	EUR	2002	Europe	1,265	114	114	2	—	—	—	0.00%
Global Life Science Venture Fund II, L.P.[3)]	EUR	2002	Europe	6,596	4,691	4,122	2,197	6,890	4,028	1,677	0.29%
Amadeus II Fund C GmbH & Co. KG (Secondary – Vermont)[4),5)]	GBP	2005	Europe	1,278	1,150	969	846	1,302	895	895	0.15%
Balderton Capital II, L.P.	USD	2005	Europe	4,000	3,739	3,639	698	4,000	3,639	674	0.11%
Battery Ventures VII, L.P.	USD	2005	North America	3,000	2,398	1,698	1,384	3,000	1,755	1,596	0.27%
BCPI I, L.P. (Secondary – Vermont)[5)]	USD	2005	Other	1,833	1,583	1,583	623	1,833	1,510	563	0.10%
Benchmark Israel II, L.P.	USD	2005	Other	4,602	3,651	1,973	5,083	4,602	2,125	6,274	1.07%
Cipio Partners Fund III GmbH & Co. KG (Secondary – Vermont)[3),5)]	EUR	2005	Europe	12,568	4,325	4,212	—	13,129	4,212	6	0.00%
H.I.G. Venture Partners II, L.P.	USD	2005	North America	5,000	4,098	4,323	3,691	5,000	4,240	3,071	0.52%

	Deal currency	Vintage year	Geography	Commitment 31.12.2012	Cost 1.1.2012	Cost 31.12.2012	Fair value 31.12.2012	Commitment 31.12.2013	Cost 31.12.2013	Fair value 31.12.2013	FMV in %
Jerusalem Venture Partners IV, L.P. (Secondary – Vermont)[5]	USD	2005	Other	662	—	—	371	662	—	234	0.04%
Battery Ventures VIII, L.P.	USD	2007	North America	4,000	3,642	2,875	3,859	4,000	2,767	3,545	0.60%
Battery Ventures VIII Side Fund, L.P.	USD	2008	North America	1,350	1,065	702	1,091	1,350	631	984	0.17%
Carmel Ventures III, L.P.	USD	2008	Other	6,000	3,180	3,792	4,571	6,000	4,556	6,611	1.13%
Mangrove III S.C.A. SICAR[3]	EUR	2008	Europe	6,595	4,033	4,318	4,736	6,890	5,399	4,589	0.78%
Total early stage venture				**157,502**	**58,085**	**51,718**	**43,993**	**150,140**	**50,547**	**43,257**	**7.38%**
Growth capital											
Kennet III A, L.P.[3]	EUR	2007	Europe	10,554	6,575	7,946	13,198	11,024	9,220	19,040	3.25%
Summit Partners Europe Private Equity Fund, L.P.[3]	EUR	2009	Europe	9,235	2,488	4,222	4,412	9,646	3,858	3,911	0.67%
Total growth capital				**19,789**	**9,063**	**12,168**	**17,610**	**20,670**	**13,078**	**22,951**	**3.92%**
Late stage venture											
WCAS Capital Partners III, L.P.	USD	1997	North America	15,000	2,195	1,983	1,551	15,000	1,828	1,272	0.22%
Index Ventures I (Jersey), L.P.	USD	1999	Europe	—	502	—	—	—	—	—	0.00%
TCV III (Q), L.P.	USD	1999	North America	3,500	556	556	74	3,500	557	74	0.01%
TCV IV, L.P.	USD	1999	North America	7,000	3,262	3,074	274	7,000	2,701	—	0.00%
Columbia Capital Equity Partners III (Cayman), L.P.	USD	2000	North America	5,000	2,494	2,260	1,352	5,000	2,133	1,598	0.27%
MPM BioVentures II-QP, L.P.	USD	2000	North America	5,000	3,701	3,700	1,211	5,000	3,426	315	0.05%
New Enterprise Associates 10, L.P.	USD	2000	North America	10,000	7,790	7,405	3,030	10,000	7,379	3,208	0.55%
Index Ventures II (Jersey), L.P.	USD	2001	Europe	7,500	3,394	3,069	1,461	7,500	3,069	1,429	0.24%
Columbia Capital Equity Partners IV (Non-US), L.P.	USD	2005	North America	10,000	6,073	5,652	10,766	10,000	4,863	10,019	1.71%
Index Ventures III (Jersey), L.P.[3]	EUR	2005	Europe	9,235	6,306	5,980	10,809	9,646	5,537	12,613	2.15%
New Enterprise Associates 12, L.P.	USD	2006	North America	5,000	4,068	4,325	4,442	5,000	4,575	4,357	0.74%
Index Ventures IV (Jersey), L.P.[3]	EUR	2007	Europe	6,596	3,638	3,756	5,236	6,890	4,177	6,222	1.06%
Total late stage venture				**83,831**	**43,979**	**41,760**	**40,206**	**84,536**	**40,245**	**41,107**	**7.01%**
Total venture stage				**261,122**	**111,127**	**105,646**	**101,809**	**255,346**	**103,870**	**107,315**	**18.31%**
Co-Investment and other											
Large buyout											
Co-Investment 1[3]	EUR	2011	Europe	3,951	4,292	4,292	4,725	4,127	4,292	5,755	0.98%
Co-Investment 2	USD	2011	Other	4,000	4,000	4,000	4,845	4,000	3,275	3,956	0.67%
Total large buyout				**7,951**	**8,292**	**8,292**	**9,570**	**8,127**	**7,567**	**9,711**	**1.66%**

	Deal currency	Vintage year	Geography	Commitment 31.12.2012	Cost 1.1.2012	Cost 31.12.2012	Fair value 31.12.2012	Commitment 31.12.2013	Cost 31.12.2013	Fair value 31.12.2013	FMV in %
Small buyout											
Co-Investment 4	EUR	2011	Europe	2,473	2,526	2,526	3,042	2,584	2,526	3,285	0.56%
Co-Investment 5	EUR	2011	Europe	5,277	3,371	3,371	5,556	5,512	3,371	8,911	1.52%
Total small buyout				**7,750**	**5,897**	**5,897**	**8,598**	**8,096**	**5,897**	**12,196**	**2.08%**
Total Co-Investment and other				**15,701**	**14,189**	**14,189**	**18,168**	**16,223**	**13,464**	**21,907**	**3.74%**
Total investments designated at fair value through profit or loss				**1,403,307**	**591,661**	**568,808**	**649,445**	**1,388,515**	**502,524**	**585,112**	**99.82%**
Derivative financial instruments designated at fair value through profit or loss											
Deferred put option (Currency Hedge)[8]	USD	2011	Other	—	338	338	328	—	338	1,069	0.18%
Total derivative financial instruments designated at fair value through profit or loss				**—**	**338**	**338**	**328**	**—**	**338**	**1,069**	**0.18%**
Total				**1,403,307**	**591,999**	**569,146**	**649,773**	**1,388,515**[7]	**502,862**	**586,181**	**100.00%**

1) Numbers may not fully add up due to rounding.
2) Additionally, a commitment of TUSD 359 is maintained as a contingency reserve, should Landmark Equity Partners III, L.P. require capital for operating expenses.
3) Total commitment translated from EUR value at 1.378000 as of 31 December 2013 and 1.319250 as of 31 December 2012.
4) Total commitment translated from GBP value at 1.656101 as of 31 December 2013 and 1.624800 as of 31 December 2012.
5) For the secondary investments no realised profit is recognised for capital distributions received until the cumulative returns on invested capital exceed the cost of a particular investment.
6) Total paid in amounted is maintained as the commitment.
7) Total paid in amounted to TUSD 1,288,558 (31 December 2012: TUSD 1,280,882).
8) Deferred put option in JPY/USD due to Co-Investment 2.

Movements in investments and securities designated at fair value through profit or loss[1]

For the year ended 31 December 2013 (all amounts in USD thousands unless otherwise stated)

	2013	Value per 1 January 2013	Additions (capital calls)[2]	Disposals (returns of capital)	Unrealised gains	Unrealised losses	Value per 31 December 2013	Total realised gains/ (losses) per 31 December 2013[3]	Net gains/ (losses) per 31 December 2013	Uncalled commitment amount[4]
Marketable securities		—	**6,606**	**(6,606)**	—	—	—	**(73)**	**(73)**	—
Balanced stage		**26,896**	—	**(8,829)**	**1,303**	**(2,941)**	**16,429**	**2,687**	**1,049**	**10,933**
Buyout stage	large buyout stage	127,822	2,110	(17,801)	9,773	(4,362)	117,542	19,682	25,093	14,427
	middle market buyout stage	226,690	5,916	(19,538)	11,175	(23,469)	200,774	29,399	17,105	38,104
	small buyout stage	68,031	6,597	(6,838)	4,531	(7,073)	65,248	7,379	4,837	19,534
	Total buyout stage	**422,543**	**14,623**	**(44,177)**	**25,479**	**(34,904)**	**383,564**	**56,460**	**47,035**	**72,065**
Special situations stage	distressed debt stage	80,029	—	(25,397)	8,469	(7,204)	55,897	11,007	12,272	2,390
	turnaround stage	—	—	—	—	—	—	—	—	—
	Total special situations stage	**80,029**	—	**(25,397)**	**8,469**	**(7,204)**	**55,897**	**11,007**	**12,272**	**2,390**
Venture stage	early stage venture	43,993	1,789	(2,961)	3,781	(3,345)	43,257	2,956	3,392	5,890
	growth capital stage	17,610	1,640	(731)	4,568	(136)	22,951	746	5,178	4,630
	late stage venture	40,205	1,005	(2,521)	3,533	(1,115)	41,107	4,382	6,800	1,953
	Total venture stage	**101,808**	**4,434**	**(6,213)**	**11,882**	**(4,596)**	**107,315**	**8,084**	**15,370**	**12,473**
Coinvestment	large buyout stage	9,571	—	(725)	1,029	(164)	9,711	559	1,424	—
	small buyout stage	8,598	—	—	3,598	—	12,196	—	3,598	2,095
	Total Co-Investment	**18,169**	—	**(725)**	**4,627**	**(164)**	**21,907**	**559**	**5,022**	**2,095**
Total investments		**649,445**	**19,057**	**(85,341)**	**51,760**	**(49,809)**	**585,112**	**78,797**	**80,748**	**99,956**
Derivative financial instruments	Deferred put option (Currency Hedge)	328	—	—	741	—	1,069	—	741	—
	Total derivative financial instruments	**328**	—	—	**741**	—	**1,069**	—	**741**	—
Total investments, marketable securities and derivative financial instruments		**649,773**	**25,663**	**(91,947)**	**52,501**	**(49,809)**	**586,181**	**78,724**	**81,416**	**99,956**

[1] Numbers may not fully add up due to rounding.
[2] Includes callable returns of capital and adjustments due to sales of investments.
[3] Includes callable distributed realised gains.
[4] Does not include paid in capital for deferred put option.

	2012	Value per 1 January 2012	Additions (capital calls)[2]	Disposals (returns of capital)	Unrealised gains	Unrealised losses	Value per 31 December 2012	Total realised gains/(losses) per 31 December 2012[3]	Net gains/(losses) per 31 December 2012	Uncalled commitment amount[4]
Marketable securities		—	**3,864**	**(3,864)**	—	—	—	**(149)**	**(149)**	—
Balanced stage		**31,123**	**525**	**(2,171)**	**829**	**(3,410)**	**26,896**	**4,835**	**2,254**	**10,933**
Buyout stage	large buyout stage	125,373	9,020	(10,806)	9,403	(5,168)	127,822	16,151	20,386	18,240
	middle market buyout stage	219,350	16,365	(10,480)	10,317	(8,862)	226,690	24,351	25,806	44,901
	small buyout stage	66,401	2,591	(7,009)	7,988	(1,940)	68,031	4,073	10,121	25,593
	Total buyout stage	**411,124**	**27,976**	**(28,295)**	**27,708**	**(15,970)**	**422,543**	**44,575**	**56,313**	**88,734**
Special situations stage	distressed debt stage	92,850	727	(16,137)	5,998	(3,410)	80,029	5,281	7,869	2,379
	turnaround stage	—	—	—	—	—	—	9	9	—
	Total special situations stage	**92,850**	**727**	**(16,137)**	**5,998**	**(3,410)**	**80,029**	**5,290**	**7,878**	**2,379**
Venture stage	early stage venture	49,821	1,894	(8,261)	1,942	(1,404)	43,993	2,901	3,440	8,691
	growth capital stage	10,521	3,093	11	3,985	—	17,610	11	3,996	6,320
	late stage venture	43,394	930	(3,147)	2,214	(3,185)	40,205	3,657	2,685	3,363
	Total venture stage	**103,736**	**5,917**	**(11,397)**	**8,141**	**(4,589)**	**101,808**	**6,569**	**10,121**	**18,374**
Coinvestment	large buyout stage	7,911	—	—	1,660	—	9,571	—	1,660	—
	small buyout stage	5,618	—	—	2,980	—	8,598	—	2,980	2,005
	Total Co-Investment	**13,529**	—	—	**4,640**	—	**18,169**	—	**4,640**	**2,005**
Total investments		**652,362**	**35,145**	**(58,000)**	**47,316**	**(27,379)**	**649,445**	**61,269**	**81,206**	**122,425**
Derivative financial instruments	Deferred put option (Currency Hedge)	221	—	—	107	—	328	—	107	—
	Total derivative financial instruments	**221**	—	—	**107**	—	**328**	—	**107**	—
Total investments, marketable securities and derivative financial instruments		**652,583**	**39,009**	**(61,864)**	**47,423**	**(27,379)**	**649,773**	**61,120**	**81,164**	**122,425**

1) Numbers may not fully add up due to rounding.
2) Includes callable returns of capital and adjustments due to sales of investments.
3) Includes callable distributed realised gains.
4) Does not include paid in capital for deferred put option.

In general, movements in investments and securities designated at fair value through profit or loss, except for unrealised gains and losses, directly result in cash flows for the Group. In certain cases, such transactions may not be settled in cash. The consolidated statement of cash flows on page 18 shows the cash transactions in the portfolio and the cash flow reconciliation on page 33 shows the portfolio's non cash transactions and provides a reconciliation to the movement schedules.

Movement of commitments and uncalled commitments

For the year 31 December 2013 (all amounts in USD thousands unless otherweise stated)

Movement of commitments	Investments			
	TEUR	TGBP	TUSD	Total in TUSD converted at year end exchange rates
Commitments as of 1 January 2012	**282,848**	**786**	**1,036,382**	**1,404,968**
Exit/Sale of investments	—	—	(7,500)	(7,500)
Revaluation of foreign currency commitments	—	—	—	5,839
Commitments as of 31 December 2012	**282,848**	**786**	**1,028,882**	**1,403,307**

Movement of commitments	Investments			
	TEUR	TGBP	TUSD	Total in TUSD converted at year end exchange rates
Commitments as of 1 January 2013	**282,848**	**786**	**1,028,882**	**1,403,307**
Exit/Sale of investments	(7,058)	—	(20,628)	(29,940)
Commitments decreased/increased	—	—	(1,080)	(1,080)
Revaluation of foreign currency commitments	—	—	—	16,228
Commitments as of 31 December 2013	**275,790**	**786**	**1,007,174**	**1,388,515**

Movement of uncalled commitments	Investments			
	TEUR	TGBP	TUSD	Total in TUSD converted at year end exchange rates
Uncalled commitments as of 1 January 2012	**45,214**	—	**101,668**	**160,390**
Capital calls paid	(9,054)	—	(26,954)	(38,898)
Adjustments of uncalled due to exit of investments	—	—	(3)	(3)
Recallable distributions	—	—	11	11
Revaluation of foreign currency commitments	—	—	—	925
Uncalled commitments as of 31 December 2012	**36,160**	—	**74,722**	**122,425**

Movement of uncalled commitments	Investments			
	TEUR	TGBP	TUSD	Total in TUSD converted at year end exchange rates
Uncalled commitments as of 1 January 2013	**36,160**	—	**74,722**	**122,425**
Commitments decreased/increased	—	—	(1,080)	(1,080)
Capital calls paid	(9,987)	104	(8,881)	(22,471)
Adjustments of uncalled due to exit of investments	(624)	—	(207)	(1,067)
Recallable distributions	—	—	24	24
Revaluation of foreign currency commitments	—	—	—	2,125
Uncalled commitments as of 31 December 2013	**25,549**	**104**	**64,578**	**99,956**

Commitment:
"Commitment" refers to the Group's obligation to provide a certain amount of capital to a private equity partnership investment. In the ensuing three to six years after a commitment has been made, the partnership draws down the available capital as and when they need it to make investments and cover their costs.

Uncalled commitment:
When a capital call is paid the amount is reduced from the commitment amount. The balance is defined as "uncalled commitment".

Recallable return of capital:
In case a private equity partnership has not been able to use the called capital for the intended purpose over a certain period of time, the unused amount is returned as a "recallable return of capital" and the repaid amount is added back to the unfunded commitment amount.

Recallable distribution:
In case a private equity partnership has been able to exit an investment and distributes the gains back to the Group within a relatively short period of time the proceeds are returned as a "recallable distribution" and the repaid amount is added back to the unfunded commitment amount.

Revaluation of foreign currency commitments:
The commitment and unfunded commitment amounts are revalued into the Group's functional currency of US Dollar at the year-end exchange rates. This causes a movement in the commitment and unfunded commitment amounts.

Other changes:
Fund size reductions and their impact on the Group's commitments as well as secondary commitment adjustments are shown under "other changes".

13 Due to banks

As at 31 December 2013 the Overseas Subsidiary has access to a TUSD 30,000 (31 December 2012: TUSD 45,000) credit facility with LGT Bank AG, Vaduz (related party) based on a loan agreement dated 3 October 2012, effective from 1 September 2012 (in replacement of the loan agreement dated 12 November 2010) and expiring on 30 June 2015. The loan amount was limited to a maximum of TUSD 45,000 from 1 September 2012 to 30 June 2013 and will be limited to a maximum of TUSD 30,000 from 1 July 2013 to 30 June 2014 and TUSD 18,000 from 1 July 2014 to 30 June 2015, or to 9 per cent of the consolidated NAV, whichever is lower.

As at 31 December 2013 the Ireland Subsidiary also has access to a TUSD 20,000 (31 December 2012: TUSD 30,000) credit facility with LGT Bank (Ireland) Limited (related party) based on a loan agreement dated 3 October 2012, effective from 1 September 2012 (in replacement of the loan agreement dated 12 November 2010) and expiring on 30 June 2015. The loan amount was limited to a maximum of TUSD 30,000 from 1 September 2012 to 30 June 2013 and will be limited to a maximum of TUSD 20,000 from 1 July 2013 to 30 June 2014 and TUSD 12,000 from 1 July 2014 to 30 June 2015, or to 6 per cent of the consolidated NAV, whichever is lower. For both facilities, a standby fee of 0.3 per cent per annum based on the credit facility amount is due on a semi-annual basis. The credit facility standby fee charged by LGT Bank as per 31 December 2013 was in total TUSD 190 (31 December 2012: TUSD 280). Variable interest margin, currently between 1 and 2 per cent per annum, is due depending on the consolidated NAV and on the market capitalisation of the Company.

As of 31 December 2013 the Overseas Subsidiary had no borrowings (31 December 2012: Nil) from LGT Bank AG, Vaduz.

As of 31 December 2013 the Ireland Subsidiary had no borrowings (31 December 2012: Nil) from LGT Bank (Ireland) Limited, Dublin.

14 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of:

Accounts payable and accrued liabilities	**2013 TUSD**	**2012 TUSD**
Accrued management fee payable – related party	1,570	1,753
Accrued performance fee payable – related party	6,235	5,865
Accrued administration fee payable – related party	86	96
Accrued custody fee payable – third party	33	35
Accrued credit facility standby fee payable – related party	38	58
Accrued withholding tax treasury shares 2nd line (bought for cancellation) – third party	496	1,382
Other accrued liabilities – third party	372	262
Total	**8,830**	**9,451**

The carrying amounts of the accounts payable and accrued liabilities approximate fair value.

15 Shareholders' equity

Shareholders' equity

The share capital of the Company at 31 December 2013 amounts to TCHF 187,650 (TUSD 127,677) (31 December 2012: TCHF 208,500 (TUSD 141,863)) consisting of 37,530,000 (31 December 2012: 41,700,000) issued and fully paid registered shares with a par value of CHF 5 each. The translation into US Dollar has been done at the corresponding historical foreign exchange rate. Each share entitles the holder to participate in any distribution of income and capital. The Group regards shareholders' equity as the capital that it manages. Shareholders' equity amounts to TUSD 612,521 as of 31 December 2013 (31 December 2012: TUSD 685,355). On 23 May 2013 a capital repayment of CHF 0.75 per share/USD 0.77 per share (at the date of payment) and on 6 December 2013 a capital repayment of CHF 1.25 per share/ USD 1.37 per share (at the date of payment) was paid out to investors.

In the previous year the US Dollar amounts for the formation of reserves for treasury shares and the cancellation of treasury shares on its second trading line were converted from Swiss Francs to US Dollars using the exchange rates from the time of purchase of these treasury shares instead of the historical rates from when the share capital was paid in. Adjustments have been made to the opening figures per 1 January 2013. The resulting differences between the two different exchange rates have been recognised in retained earnings. This correction has not led to changes to the net asset values of previous periods.

For the capital repayments to investors and treasury shares cancellations which took place in 2013, the resulting differences between the historical rates and the rates at the time of the transactions have been recognised in retained earnings.

Treasury shares

The Company can buy and sell treasury shares in accordance with the Company's articles of association and Swiss company law and in compliance with the listing rules of the SIX Swiss Exchange.

During the period from 1 January to 31 December 2013 Castle Private Equity (International) plc has purchased no treasury shares and no treasury shares were sold. As at 31 December 2013 the Ireland Subsidiary held in total 575,885 treasury shares (31 December 2012: 575,885). These treasury shares are treated as a deduction from the consolidated shareholders' equity using cost values of TUSD 4,856 (31 December 2012: TUSD 4,856). The gains and losses on sales of treasury shares are credited/debited to the retained earnings account.

Share buyback 2nd line (bought for cancellation)

On 15 July 2011, the Company announced the opening of a second trading line for the Company's shares on the SIX Swiss Exchange starting from 24 August 2011. The Company was the exclusive buyer on this trading line and repurchased shares for the purpose of subsequently reducing its share capital. During the period from 1 January 2012 to 8 March 2012 Castle Private Equity purchased 349,825 treasury shares on this second trading line to the amount of TUSD 3,882. From 25 August 2011 to 31 December 2011 the Company purchased 1,150,175 shares to the amount of TUSD 11,230. Altogether 1,500,000 shares were purchased on this second trading line to the amount of TUSD 15,112. These second line treasury shares were cancelled in July 2012.

On 12 April 2012, the Company announced the opening of a further second trading line for the Company's shares on the SIX Swiss Exchange starting from 30 May 2012. The Company was the exclusive buyer on this trading line and repurchased shares for the purpose of subsequently reducing its share capital. During the period from 30 May 2012 to 31 December 2012 the Company purchased 1,726,575 treasury shares on this second trading line to the amount of TUSD 23,147. During the period 1 January 2013 to 26 April 2013 Castle Private Equity purchased 2,442,425 treasury shares on it second trading line to the amount of TUSD 36,738. Altogether 4,170,000 shares were purchased on this second trading line to the amount of TUSD 59,885. These second line treasury shares were cancelled in August 2013.

On 29 April 2013, the Company announced the opening of a further second trading line for the Company's shares on the SIX Swiss Exchange starting from 15 May 2013. The Company is the exclusive buyer on this trading line and is repurchasing shares for the purpose of subsequently reducing its share capital. During the period from 15 May 2013 to 31 December 2013 Castle Private Equity purchased 1,206,500 treasury shares on this second trading line to the amount of TUSD 17,959.

As at 31 December 2013 the Company held in total 1,206,500 treasury shares (31 December 2012: 1,726,575) on its second trading lines. These treasury shares are treated as a deduction from the consolidated shareholders' equity using cost values of TUSD 17,959 (31 December 2012: TUSD 23,147).

Altogether the Group holds 1,782,385 treasury shares as at 31 December 2013 (31 December 2012: 2,302,460).

Movement of treasury shares by Subsidiaries	**Number of shares**	**Average price TUSD**	**Total cost TUSD**	**Market value TUSD**
Number of treasury shares held by the Ireland Subsidiary as of 1 January 2012	**575,885**	—	**4,856**	**5,989**
Number of treasury shares held by the Ireland Subsidiary as of 31 December 2012	**575,885**	—	**4,856**	**8,120**
Number of treasury shares held by the Ireland Subsidiary as of 31 December 2013	**575,885**	—	**4,856**	**7,803**

Movement of treasury shares 2nd line (bought for cancellation) held by the Company	**Number of shares**	**Average price TUSD**	**Total cost TUSD**	**Market value TUSD**
Number of treasury shares 2nd line (bought for cancellation) held by the Company as of 1 January 2012	**1,150,175**	—	**11,230**	**11,962**
Additions 2012	2,076,400	13.02	27,029	29,277
Cancellation 2012	(1,500,000)	10.07	(15,112)	—
Number of treasury shares 2nd line (bought for cancellation) held by the Company as of 31 December 2012	**1,726,575**	—	**23,147**	**24,345**
Additions 2013	3,649,925	14.99	54,697	49,456
Cancellation 2013	(4,170,000)	14.36	(59,885)	—
Number of treasury shares 2nd line (bought for cancellation) held by the Company as of 31 December 2013	**1,206,500**	—	**17,959**	**16,348**

Summary of treasury shares held as of 31 December 2012	Number of shares	Average price TUSD	Total cost TUSD	Market value TUSD
Treasury shares held by Subsidiaries as of 31 December 2012	575,885	8.43	4,856	8,120
Treasury shares 2nd line (bought for cancellation) held by the Company as of 31 December 2012	1,726,575	13.41	23,147	24,345
Total of treasury shares held as of 31 December 2012	**2,302,460**	—	**28,003**	**32,465**
Treasury shares held by Subsidiaries as of 31 December 2013	575,885	8.43	4,856	7,803
Treasury shares 2nd line (bought for cancellation) held by the Company as of 31 December 2013	1,206,500	14.89	17,959	16,348
Total of treasury shares held as of 31 December 2013	**1,782,385**	—	**22,815**	**24,151**

On 23 May 2013 a capital repayment of CHF 0.75 per share/USD 0.77 per share (at the date of payment) and on 6 December 2013 a capital repayment of CHF 1.25 per share/USD 1.37 per share (at the date of payment) was paid out to investors.

16 Major shareholders

As of 31 December the following major shareholders were known by the Company:

Major shareholders	2013	2012
Between 3% and 5%	LGT Group Foundation, Liechtenstein LGT Capital Management AG, Switzerland	LGT Capital Management AG, Switzerland
Between 5% and 10%	Warburg Invest, Luxembourg Ironsides Partners, USA	Warburg Invest, Luxembourg Ironsides Partners, USA
Between 10% and 25%	Abrams Capital, USA Swiss Life AG, Switzerland	Abrams Capital, USA Swiss Life AG, Switzerland

17 Significant fee agreements

In relation to its investment and administration activity the Company and/or its Subsidiaries entered into the following agreements:

a) LGT Private Equity Advisers AG, Vaduz, acts as the investment manager and received for the period between 1 January and 30 June 2012 a management fee of total 2 per cent (before deduction of the performance fee) per annum of the total consolidated net assets of Castle Private Equity AG, Pfäffikon, in US Dollar as at the close of business on the final business day of each quarter. After the announcement by the Company a new agreement was signed on 14 December 2012 stating the reduction of the payable management fee, from 1 July 2012 onwards, to 1 per cent per annum of the consolidated net asset value instead of 2 per cent per annum. The management fee is due quarterly (0.5 per cent up to 30 June 2012 and 0.25 per cent from 1 July 2012) in US Dollar in arrears within 15 days after the net asset value calculation.

The performance is fee payable to LGT Private Equity Advisers AG, Vaduz by the Company and shall be calculated as 10 per cent of net new gains by the end of any financial year. Net new gains are the positive difference, if any, from the existing high watermark to the lower of:

- the consolidated net asset value of Company,
- plus the cumulative payments for distributions,
- plus any secondary sale discount,
- plus wind-down expenses to the limit of USD 500,000 and for as long as more than 4,320,000 shares are in issue.

or

- the market capitalisation of the Company
- plus the cumulative payments for distributions,
- plus any secondary sale discount,
- plus wind-down expenses to the limit of USD 500,000.

The market capitalisation is calculated as the last price of the financial year paid in USD for Castle Private Equity AG shares at the SIX Swiss Exchange multiplied by the shares in issue at the end of the financial year. The basis for the performance fee calculation per 31 December 2013 amounted to TUSD 660,974 or USD 13,55 per share (31 December 2012: TUSD 598,620 or USD 14,10 per share). The cumulative amount expended on share repurchases amounted to TUSD 43,115.

Shares in issue are calculated as shares issued as registered in the commercial register minus shares owned by the Company. The cumulative payment for distributions is the total of capital expensed for dividends, returns of capital, share buybacks for cancellations or other distributions to shareholders net of any proceeds from share sales. Such payments for distributions which occur in CHF-denominated transactions shall be converted to their USD equivalent amount at their effective conversion rate or as of the day the distribution occurs.

b) LGT Bank AG, Vaduz, provides administrative services for the Company. The Company is charged a flat fee of TUSD 30 payable quarterly in arrears. Any disbursement incurred will be charged separately.

c) LGT Fund Managers (Ireland) Limited, Dublin, acts as the administrator for the Overseas and Ireland Subsidiaries and receives an annual fee equal to 0.04 per cent to 0.06 per cent per annum of the net asset value at the end of each quarter. Any disbursement incurred will be charged separately.

18 Significant transactions with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise considerable influence over the other party in making financial or operating decisions. In the opinion of the board of directors, the parties referred to in the schedule accompanying this note are related parties under IAS 24 "Related Party Disclosures". All related party transactions have been carried out within the normal course of business.

Related party transactions

Entity	Related party Relationship/Agreement(s) Direct/indirect	Terms and conditions	Transaction type	2013 TUSD	2012 TUSD
Castle Private Equity (International) PLC	LGT Bank AG/ Administrator Services Agreement/direct	Note 10	Cash at banks	2	—
	LGT Private Equity Advisers AG/ Management Agreement/direct	Note 6	Management fees	6,505	10,251
		Note 14	Management fees payable	1,570	1,753
		Note 6	Performance fees	6,235	5,865
		Note 14	Performance fees payable	6,235	5,865
	LGT Fund Managers (Ireland) Limited/ Management Agreement/direct	Note 7	Administration fees	255	271
		Note 14	Administration fees payable	62	69
	LGT Bank (Ireland) Limited/ Loan Agreement/direct	Note 13	Due to banks	—	—
		Note 10	Time deposit at banks	—	8,000
		Note 5	Interest income on time deposits	10	2
		Note 7	Credit facility standby fees	76	112
		Note 14	Credit facility standby fees payable	15	23
		Note 8	Interest expense	1	25
		Note 14	Interest expense payable	—	—
	LGT Fund Managers (Ireland) Limited/ Investment Management Agreement/indirect	No direct fees	Investment management fees	—	—
	LGT Capital Partners AG/ LGT Private Equity Advisers AG/ Advisory Agreement/indirect	No direct fees	Advisory fees	—	—
	Directors/indirect	Note 7/18	Directors' fees	—	1
Castle Private Equity (Overseas) Limited	LGT Fund Managers (Ireland) Limited/ Administration Services Agreement/direct	Note 7	Administration fees	98	106
		Note 14	Administration fees payable	24	27
	LGT Bank AG/ Loan Agreement/direct	Note 10	Cash at banks	50	50
		Note 5	Interest income	2	—
		Note 13	Due to banks	—	—
		Note 7	Credit facility standby fees	114	168
		Note 14	Credit facility standby fees payable	23	35
		Note 8	Interest expense	—	—
		Note 14	Interest expense payable	—	—
	LGT Private Equity Advisers AG/ Investment Management Agreement/direct	Note 17	Management fees	—	—
	LGT Capital Partners AG/ LGT Private Equity Advisers AG/ Advisory Agreement/indirect	No direct fees	Advisory fees	—	—
	Directors/indirect	Note 7/18	Directors' fees	13	10
Castle Private Equity AG	LGT Bank AG/ Administrator Services Agreement/direct	Note 7	Administration fees	30	30
		Note 14	Administration fees payable	—	—
		Note 10	Cash at banks	388	115
		Note 10	Time deposit at banks	—	—
		Note 8	Interest expense	—	—
	LGT Capital Partners AG/ Domicile Agreement/direct	Note 7	Domicile fees	11	10
	Directors/direct	Note 7/18	Directors' fees	251	347

The Ireland Subsidiary has committed TUSD 30,000 to Crown Global Secondaries plc, TUSD 40,000 to Crown Asia-Pacific Private Equity plc and TEUR 30,000 to Crown European Buyout Opportunities II plc. Each are funds advised by LGT Capital Partners (Ireland) Limited, an affiliate of Castle's investment manager. As Castle's investments are structured through a special non-fee-paying share class, no additional management and performance fees are charged. An annual administration fee of 0.06 per cent of net asset value is due to LGT Fund Managers (Ireland) Limited in its capacity as administrator for each of the funds.

LGT Bank AG, Vaduz acts as the sole custodian for Castle Private Equity AG, Pfäffikon. Custody fees incurred in 2013 and 2012 were insignificant.

The table below shows the remuneration for the members of the board of directors in the year 2013 and 2012. In addition, the Group paid in 2013 a directors and officers liability insurance fee of TUSD 15 (31 December 2012: TUSD 16). Travel expenses amounted to TUSD 33 (31 December 2012: TUSD 58).

Board remuneration is defined and paid out in CHF. See also note 8 of the company financial statements on page 71. Dr Marcel Erni, Robert Knapp and James Pluhar have waived any remuneration as board member.

	Compensation and expenses TUSD
As of 31 December 201 3	
Chairman	69
Deputy chairman	65
Committee chairman	52
Members	65
Total board of directors	**251**

	Compensation and expenses TUSD
As of 31 December 2012	
Chairman	139
Deputy chairman	70
Committee chairman	52
Members	86
Total board of directors	**347**

19 Segment reporting

The sole operating segment of the Group reflects the internal management structure and is evaluated on an overall basis. Revenue is derived by investing in a portfolio of private equity investments with a view to achieving significant value growth and to help shareholders maximise long-term returns. The following results correspond to the sole operating segment of investing in private equity. Items which cannot be directly contributed to the operating segment are listed as "other".

	North America TUSD	Europe TUSD	Other TUSD	Total TUSD
As of 31 December 2013				
Income				
Net gain on investments designated at fair value through profit or loss	27,780	39,762	13,206	80,748
Net gain on derivative investments designated at fair value through profit or loss	—	—	741	741
Net loss on securities investments designated at fair value through profit or loss	(73)	—	—	(73)
Other income	—	809	—	809
Total income	**27,707**	**40,571**	**13,947**	**82,225**

	North America TUSD	Europe TUSD	Other TUSD	Total TUSD
As of 31 December 2012				
Income				
Net gain on investments designated at fair value through profit or loss	36,139	37,482	7,585	81,206
Net gain on derivative financial instruments designated at fair value through profit or loss	—	—	107	107
Net loss on securities designated at fair value through profit or loss	(149)	—	—	(149)
Other income	—	116	—	116
Total income	**35,990**	**37,598**	**7,692**	**81,280**

The assets are geographically allocated as follows:

	2013 TUSD		2012 TUSD	
Assets				
North America	214,491	34.5%	243,934	35.1%
Europe	274,414	44.2%	308,912	44.5%
Other	132,447	21.3%	141,961	20.4%
Total assets	**621,352**	**100.0%**	**694,807**	**100.0%**

The Group has a diversified shareholder base. For more information on the largest shareholders see note 16.

20 Financial risk management

The Group is exposed to a variety of financial risks including: market risk, credit and liquidity risk. The investment manager attributes great importance to professional risk management, beginning with careful diversification, the sourcing of access to premier private equity investment opportunities, proper understanding and negotiation of appropriate terms and conditions, and active monitoring including ongoing interviews with managers, thorough analysis of reports and financial statements and review of investments made. It is also key to structure the proper investment vehicles for the portfolio taking into account issues such as liquidity or tax related issues. The Group has investment guidelines that set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control the economic impact of these risks. The Group's investment manager provides the Group with investment recommendations that are consistent with the Group's objectives. The board of directors reviews and agrees policies for managing each of these risks which are summarised below.

a) Market risks

(i) Price risk – The investments held in the portfolio may be realised only after several years and their fair values may change significantly. The investment manager, LGT Private Equity Advisers AG, provides the Group with investment recommendations that are consistent with the Group's objectives. The investment manager's recommendations are approved by the board of directors.

At the annual general meeting on 12 April 2012 the investment policy of the Group was revised. The new investment policy aims at a maximisation of the long-term value enhancement by way of ceasing to enter further investment obligations and realising the Group's funds by harvesting the portfolio of private equity investments as their underlying assets are realised. The investment objective of the Group is to maximise value for shareholders. The investment manager may in its full discretion consider secondary sales of assets in exceptional cases, i.e. where there is no or no meaningful upside potential of the value of a particular asset, as a means to shorten the portfolio's expected cash flow duration and/or to assist in the realisation of assets based upon consideration of price relative to expected value, timing of expected future cash flows related to the asset(s) in question, and any other factor deemed relevant by the investment manager.

Up until 12 April 2012 the investment objective was to have a portfolio which would constantly be optimally allocated over the various: (i) industry sectors (e.g. technology, healthcare/biotech, retail, etc.); (ii) geographical regions (e.g. USA, Europe, other jurisdictions, etc.) and (iii) stages of financing (e.g. seed, early stage, later stage, buyouts, etc.). The investment vehicles and their respective fund managers were selected on qualitative research criteria including: (i) past performance in relation to investment style, expected returns, benchmarks and degree of risk; (ii) business structure and team organisation of the fund manager; (iii) fit of the fund manager/investment vehicle into the overall portfolio; (iv) amount under management and commitment of the principals of the fund manager; and (v) cost structure.

The Group allocated the majority of its assets to fund managers with a proven performance record of several years. The objective was to invest into top quality fund managers of the respective sectors. A minority part of the assets were invested with new and emerging fund managers. Under normal circumstances, no allocation to a fund manager was made prior to a visit by the investment manager to the fund manager's business location. It included a proper evaluation concerning the fund manager's business structure, its key employees, its track record, its relation with third parties and other relevant aspects. The investment manager carried out a monitoring procedure in order to implement the following risk control parameters: (i) changes in a fund manager's structure and organisation, (ii) major deviations from historical returns, (iii) changes regarding the fit into the overall portfolio, (iv) changes in investment styles, and (v) comparisons of fund managers performance versus that of their underlying investments.

The Group also invested in carefully selected secondary portfolios. Secondaries are existing private equity portfolios which are acquired from an investor who disposes of his partnership interest, e.g. because of liquidity or regulatory requirements, or a change in asset allocation. The advantage of a secondary transaction resides in the fact that the partnerships acquired have often completed their investment phase and have already moved on to the realisation phase, thus yielding immediate returns. An additional advantage is that the individual companies in which the private equity partnerships have invested are known at this stage. The purchasing investor is therefore able to make a comprehensive assessment of the portfolio investments and the related realisation prospects.

The strategy of the Group was to diversify its investments by allocating no more than 20 per cent of the net asset value to any one investment fund or manager. For investments in fund-of-funds this limit was assessed on a look-through basis.

As of 31 December 2013, the Group's market risk is affected by two main components: changes in actual market prices and foreign currency movements. Foreign currency movements are covered in note 20 a) (ii) and note 2 f).

With effect from the current reporting period the Group has adopted the Listed Private Equity Index (LPX50) as the benchmark against which it checks its share price performance. The annual expected volatility for both the current and prior reporting periods is disclosed in the table below.

	2013 TUSD	**2012 TUSD**
Financial assets at fair value through profit or loss	585,112	649,773
Total assets subject to market risk	585,112	649,773
Annual expected volatility	12.72%	16.86%
Potential impact on statement of financial position and statement of comprehensive income	74,426	109,525

Because the Group is generally exposed to a variety of market risk factors, which may vary significantly over time and measurement of such exposure at any given point in time may be difficult given the flexibility, complexity and limited transparency of the underlying investments. Therefore, a sensitivity analysis is deemed of limited explanatory value, or may be misleading.

As mentioned in note 2 h) the Group also used cost and earnings multiples to value the private equity investments for which there were no fair values provided by the managers/administrators. The multiples used depended on the sector that the underlying investments where active in. EBITDA earnings multiples used were in a range from 7.5x to 8.5x.

The impact on the consolidated statement of comprehensive income and shareholders' equity from the valuations using the above multiples was a decrease of TUSD —1,070 (31 December 2012: TUSD —1,053). Had each of the multiples been 10 per cent higher or lower, the impact on the consolidated statement of comprehensive income and shareholders' equity would have been TUSD TUSD 357 or TUSD —425 respectively (31 December 2012: TUSD 46 or TUSD —872).

(ii) Currency risk – The Group holds assets denominated in currencies other than the US Dollar, the functional currency. The Group is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The schedule on the next page summarises the Group exposure to currency risks.

The impact on the consolidated statement of comprehensive income and shareholders' equity of any changes to the exchange rate between the Swiss Franc, Euro and British Pounds would not have been material. In accordance with the Group's policy, the investment manager monitors the Group's currency position on a monthly basis and the board of directors reviews it on a regular basis.

As of 31 December 2013, had the exchange rate between the Euro and the US Dollar increased or decreased by 4.5 per cent with all other variables held constant, the increase or decrease to the consolidated statement of comprehensive income and shareholders' equity would have amounted to approximately USD 8,461 (31 December 2012: 1.6 per cent or USD 2,956). Movements in the other foreign currencies wouldn't have had a significant impact on the consolidated financial statements.

Currency risk

As of 31 December 2013	**USD TUSD**	**EUR TUSD**	**GBP TUSD**	**CHF TUSD**	**JPY TUSD**	**Total TUSD**
Assets						
Cash and cash equivalents	34,419	—	—	528	—	34,947
Other current assets[1]	181	43	—	—	—	224
Investments designated at fair value through profit or loss	394,203	190,014	895	—	—	585,112
Derivative financial instruments designated at fair value through profit or loss	18,330	—	—	—	—	18,330
Total assets	**447,133**	**190,057**	**895**	**528**	—	**638,613**
Liabilities						
Accounts payable and accrued liabilities[1]	8,267	60	—	503	—	8,830
Derivative financial instruments designated at fair value through profit or loss	—	—	—	—	17,589	17,589
Total liabilities	**8,267**	**60**	—	**503**	**17,589**	**26,419**

As of 31 December 2012	**USD TUSD**	**EUR TUSD**	**GBP TUSD**	**CHF TUSD**	**JPY TUSD**	**Total TUSD**
Assets						
Cash and cash equivalents	42,877	—	—	—	—	42,877
Other current assets[1]	900	1,257	—	—	—	2,157
Investments designated at fair value through profit or loss	460,858	187,741	846	—	—	649,445
Derivative financial instruments designated at fair value through profit or loss	18,330	—	—	—	—	18,330
Total assets	**522,965**	**188,998**	**846**	—	—	**712,809**
Liabilities						
Accounts payable and accrued liabilities[1]	7,940	61	—	1,450	1,450	9,451
Derivative financial instruments designated at fair value through profit or loss	—	—	—	—	18,223	18,223
Total liabilities	**7,940**	**61**	—	**1,450**	**19,673**	**27,674**

[1] Provided for reconciliation purposes only.

Foreign exchange rates	2013 USD	2012 USD	Impact %
Year-end rates			
Exchange rate CHF/USD	1.124733	1.093195	2.9%
Exchange rate EUR/USD	1.378000	1.319250	4.5%
Exchange rate GBP/USD	1.656101	1.624800	1.9%

Foreign exchange rates	2012 USD	2011 USD	Impact %
Year-end rates			
Exchange rate CHF/USD	1.093195	1.068890	2.3%
Exchange rate EUR/USD	1.319250	1.298800	1.6%
Exchange rate GBP/USD	1.624800	1.554650	4.5%

In accordance with the Group's policy, the investment manager monitors the Group's currency position on a monthly basis and the board of directors reviews it on a regular basis.

(iii) Interest rate risk – The majority of the Group's financial assets and liabilities are non-interest bearing. As a result, the Group is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

The schedule below summarises the Group's exposure to interest rate risks. It includes the Group's assets and liabilities at fair values, categorised by the earlier of contractual reprising or maturity dates. The influence of changes in the market rates of interest is not expected to be significant.

In accordance with the Group's policy, the investment manager monitors the Group's overall interest sensitivity on a monthly basis, and the board of directors reviews it on a regular basis.

Interest rate risk

As of 31 December 2013	Less than 1 month TUSD	1 – 3 months TUSD	Non-interest bearing TUSD	Total TUSD
Assets				
Cash and cash equivalents	34,947	—	—	34,947
Other current assets[1]	—	—	244	224
Investments designated at fair value through profit or loss	—	—	585,112	585,112
Derivative financial instruments designated at fair value through profit or loss	—	—	1,069	1,069
Total assets	**34,947**	—	**586,405**	**621,352**
Liabilities				
Accounts payable and accrued liabilities[1]	—	—	8,830	8,830
Total current liabilities	—	—	**8,830**	**8,830**

[1] Provided for reconciliation purposes only.

As of 31 December 2012	Less than 1 month TUSD	1 – 3 months TUSD	Non-interest bearing TUSD	Total TUSD
Assets				
Cash and cash equivalents	42,877	—	—	42,877
Other current assets[1]	—	—	2,157	2,157
Investments designated at fair value through profit or loss	—	—	649,445	649,445
Derivative financial instruments designated at fair value through profit or loss	—	—	328	328
Total assets	**42,877**	—	**651,930**	**694,807**
Liabilities				
Accounts payable and accrued liabilities[1]	—	—	9,451	9,451
Total current liabilities	—	—	**9,451**	**9,451**

[1] Provided for reconciliation purposes only.

b) Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the balance sheet date, if any. The below schedule summarises the Group's exposure to credit risk.

The Group's main credit risk concentration is from distributions to be received from the private equity investments in which the Group is invested. The Group seeks to mitigate its exposure to credit risk by conducting its contractual transactions with institutions which are reputable and well established.

In accordance with the Group's policy, the investment manager monitors the Group's credit position on a monthly basis and the board of directors reviews it on a regular basis.

Credit risk

As of 31 December 2013	Fully performing TUSD	Total TUSD	S&P Rating
Cash at LGT Bank, Vaduz	440	440	A+
Cash at Credit Suisse (International) Dublin Branch	30,462	30,462	n/a
Cash at Zürcher Kantonalbank, Zürich	4,017	4,017	AAA
Cash at Stifel Nicolaus Weisel	28	28	n/a
Other current assets	224	224	n/a
Deferred put option	1,069	1,069	n/a
Total exposure to credit risks	**36,240**	**36,240**	

As of 31 December 2012	Fully performing TUSD	Total TUSD	S&P Rating
Cash at LGT Bank, Vaduz	8,165	8,165	A+
Cash at Credit Suisse (International) Dublin Branch	22,827	22,827	n/a
Cash at Zürcher Kantonalbank, Zürich	11,746	11,746	AAA
Cash at Stifel Nicolaus Weisel	139	139	n/a
Other current assets	2,157	2,157	n/a
Deferred put option	328	328	n/a
Total exposure to credit risks	**45,362**	**45,362**	

c) Liquidity risk

The Group may have an inability to raise additional funds or to use credit lines, if any, to satisfy the commitments to the various private equity investments. In a private equity partnership investment, a commitment is typically given to a newly established private equity partnership. In the ensuing three to six years, the partnership draws down the available funds as and when attractive investment opportunities become available. As a general rule, the partnership already begins to realise shareholding interests before all the capital has been invested. This means that the funds made available by the investor are not expected to be 100 per cent invested in the private equity partnership. Historically, the average exposure ranges from 60 to 70 per cent. To enable the investor to make a 100 per cent investment in private equity, overcommitments were entered into for the Group, meaning that the total commitments exceed the Group's total assets. The overcommitment strategy is constantly monitored on the basis of a sophisticated cash flow model where substantive bottom-up and statistical top-down analysis is performed on a regular basis to estimate future cash flows.

As mentioned in note 13, the Overseas Subsidiary has access to a TUSD 30,000 (31 December 2012: TUSD 45,000) credit facility with LGT Bank AG, Vaduz and the Ireland Subsidiary has access to a TUSD 20,000 (31 December 2012: TUSD 30,000) credit facility with LGT Bank (Ireland) Limited. The Group also has a cash at bank position at 31 December 2013 of TUSD 34,947 (31 December 2012: TUSD 42,877). The amounts outstanding on the total committed capital of the investments as of 31 December 2013 are TUSD 99,956 (31 December 2012: TUSD 122,425) which are callable at any time. These amounts are off balance sheet and will be called up over the life of the investments. A large portion of these open commitments will be covered by distributions from the more mature investments.

The majority of the investments which the Group made are unquoted and subject to specific restrictions on transferability and disposal. Consequently, risks exist that the Group might not be able to readily dispose of its holdings in such markets or investments when it chooses and also that the price attained on a disposal is below the amount at which such investments are included in the Group's balance sheet.

Liquidity risk

As of 31 December 2013	Less than 1 month TUSD	1 – 3 months TUSD	Total TUSD
Liabilities			
Accounts payable and accrued liabilities[1]	626	8,204	8,830
Total current liabilities	**626**	**8,204**	**8,830**
Total outstanding commitment amount[2]	**99,956**	–	**99,956**

As of 31 December 2012	Less than 1 month TUSD	1 – 3 months TUSD	Total TUSD
Liabilities			
Accounts payable and accrued liabilities[1]	9,436	15	9,451
Total current liabilities	**9,436**	**15**	**9,451**
Total outstanding commitment amount[2]	**122,425**	–	**122,425**

1) Provided for reconciliation purposes only.
2) The amounts outstanding on the total committed capital of the investments as of 31 December 2013 are not necessarily due within one month, but are callable at any time.

The amounts in the schedule are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

In accordance with the Group's policy, the investment manager monitors the Group's liquidity position on a monthly basis and the board of directors reviews it on a regular basis.

d) Capital risk management

Discount control – The directors recognise the importance to shareholders of the Company's share price performance in the secondary market. Accordingly, the directors may take steps from time to time with a view to seeking to limit the prevailing discount to net asset value at which the shares trade. In particular, the directors may authorise repurchases of shares for cancellation and the utilisation of the Company's powers to buy back shares to be held in treasury for re-sale from time to time.

Repurchase of shares to be held in treasury or for cancellation – The directors may consider repurchasing shares in the market for treasury or for cancellation if they believe it to be in shareholders' interests and as a means of correcting any imbalance between supply and demand for the shares. Pursuant to the Swiss Code of Obligations, the Company is not required to obtain a general authority from shareholders to effect the repurchase of shares to be held in treasury or for cancellation. Any purchase of shares by the Company for treasury and for cancellation will only be made through the market at prices (after allowing for costs) below the prevailing net asset value per share and will otherwise be in accordance with the Listing Rules in force at the time and with guidelines established from time to time by the board. Swiss law limits the right of a company to purchase and hold its own shares.

e) Fair value estimation

Further to the valuation approach discussed in note 2 h) (iii), IFRS 7 requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements. The hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgment by the Group. The Group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Group's financial assets (by class) measured at fair value at 31 December 2013 and 31 December 2012.

As of 31 December 2013	Level 1 TUSD	Level 2 TUSD	Level 3 TUSD	Total TUSD
Assets				
Assets designated at fair value through profit or loss:				
Investments	—	—	585,112	585,112
Derivative financial instruments	—	1,069	—	1,069
Total	—	**1,069**	**585,112**	**586,181**

As of 31 December 2012	Level 1 TUSD	Level 2 TUSD	Level 3 TUSD	Total TUSD
Assets				
Assets designated at fair value through profit or loss:				
Investments	5,426	—	644,019	649,445
Derivative financial instruments	—	328	—	328
Total	**5,426**	**328**	**644,019**	**649,773**

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The Group does not adjust the quoted price for these investments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations, or alternative pricing sources, supported by observable inputs are classified within level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include private equity investments for which observable prices are not available. The Group values these investments as described under note 2 h) (iii) fair value measurement principles.

The following table shows the allocation of the level 3 investments according to financing stage, in percentage of the total fair value of these investments.

Diversification by financing stage (FV)	2013 %	2012 %
Balanced stage	3%	4%
Buyout stage		
large buyout stage	20%	20%
middle market buyout stage	34%	35%
small buyout stage	11%	11%
Special situations stage		
distressed debt stage	10%	12%
turnaround stage	0%	0%
Venture stage		
early stage venture	7%	7%
growth capital stage	4%	3%
late stage venture	7%	6%
Coinvestment		
large buyout stage	2%	1%
small buyout stage	2%	1%
Total	**100%**	**100%**

For a sensitivity analysis on the level 3 investments please refer to note 20 a) (i).

During the year ended 31 December 2013 there were no transfers (31 December 2012: Nil) between the three levels of financial assets and liabilities.

The following table presents a reconciliation disclosing the changes during 2013 and 2012 for financial assets classified as being level 3.

As of 31 December 2013	Investments designated at fair value through profit or loss TUSD
Assets	
At 1 January	644,019
Net unrealised gain	7,378
Purchases	25,664
Sales	(91,949)
Transfers in/out	—
At 31 December 2013	**585,112**
Total unrealised gain for the year included in the statement of comprehensive income for investments held at the end of the year	**1,951**

As of 31 December 2012	Investments designated at fair value through profit or loss TUSD
Assets	
At 1 January	647,086
Net unrealised gain	19,787
Purchases	39,010
Sales	(61,864)
Transfers in/out	—
At 31 December 2012	**644,019**
Total unrealised gain for the year included in the statement of comprehensive income for investments held at the end of the year	**19,787**

For further information please see note 20 a) (i).

The table below analyses within the fair value hierarchy the financial assets and liabilities (by class) not measured at fair value, but for which fair values are disclosed at 31 December 2013 and 31 December 2012.

As of 31 December 2013	**Level 1 TUSD**	**Level 2 TUSD**	**Level 3 TUSD**	**Total TUSD**
Assets				
Cash and cash equivalents	34,947	—	—	34,947
Other current assets	—	224	—	224
Total	**34,947**	**224**	—	**35,171**
Liabilities				
Due to banks	—	—	—	—
Accounts payable and accrued liabilities	—	8,830	—	8,830
Total	—	**8,830**	—	**8,830**

As of 31 December 2012	**Level 1 TUSD**	**Level 3 TUSD**	**Level 3 TUSD**	**Total TUSD**
Assets				
Cash and cash equivalents	42,877	—	—	42,877
Other current assets	—	2,157	—	2,157
Total	**42,877**	**2,157**	—	**45,034**
Liabilities				
Due to banks	—	—	—	—
Accounts payable and accrued liabilities	—	9,451	—	9,451
Total	—	**9,451**	—	**9,451**

The assets and liabilities included in the above table are carried at amortised cost; their carrying values are a reasonable approximation of fair value. Cash and cash equivalents comprise demand, call and term deposits with a maturity of three months or less. Cash and cash equivalents are recorded at nominal value. Other current assets are recognised initially at fair value and subsequently measured at amortised cost. Amounts due to banks are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Accounts payable and accrued liabilities are recognised initially at fair value and subsequently stated at amortised cost.

21 Commitments, contingencies and other off-balance-sheet transactions

The Group has one open derivative financial instrument contract as at 31 December 2013 and 31 December 2012, relating to the hedging of a co-investment in Japanese Yen.

As of 31 December 2013	Notional amount TUSD	Valuation amount TUSD	Maturity	Gain TUSD
JPY against USD	17,589	1,069	02.12.16	741
Total unrealised gain				**741**

As of 31 December 2012	Notional amount TUSD	Valuation amount TUSD	Maturity	Gain TUSD
JPY against USD	18,223	328	02.12.16	107
Total unrealised gain				**107**

Beyond the uncalled commitments to investments disclosed in note 12, no further contingent liabilities exist as of 31 December 2013 (31 December 2012: Nil).

22 Subsequent events

The consolidated financial statements have been authorised at the 26 February 2014 board meeting for issue 4 March 2014. The annual general meeting called for 14 May 2014 will vote on the final acceptance of the consolidated financial statements.

Since the balance sheet date of 31 December 2013 Castle Private Equity AG purchased 313,500 treasury shares on its second trading line at a cost amount of TUSD 4,333. As at 18 February 2014 the Company held in total 1,520,000 treasury shares (12 March 2013: 2,965,244) on its second trading line.

Altogether the Group holds 2,095,885 treasury shares as at 18 February 2014 (12 March 2013: 3,541,129).

On 3 February 2014, the Company was informed by its largest shareholder Abrams Capital that Abrams had entered into a binding agreement to sell its shares (approximately 22 per cent of issued share capital) to funds managed or advised by Goldman Sachs Asset Management.

On 7 February 2014, James Pluhar informed the Company over his resignation from his position as a director of Castle Private Equity AG effective 7 February 2014.

On 26 February 2014, the Company announced that Benedikt Meyer, currently deputy general manager, was appointed by the board of directors at today's board meeting to serve as the second general manager of the Company alongside the existing general manager Hans Markvoort.

Report of the statutory auditor on the company financial statements

to the general meeting of
Castle Private Equity AG, Pfäffikon

Report of the statutory auditor on the company financial statements

As statutory auditor, we have audited the financial statements of Castle Private Equity AG, which comprise the balance sheet, statement of income and notes (pages 66 to 72), for the year ended 31 December 2013.

Board of directors' responsibility
The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2013 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd.

Guido Andermatt	**Rolf Birrer**
Audit expert	Audit expert
Auditor in charge	

Zurich, 3 March 2014

Balance sheet

As of 31 December 2013 (all amounts in Swiss Francs thousands unless otherwise stated)

	Note		2013	2012
Assets				
Current assets:				
Cash and cash equivalents			3,916	10,849
Other current assets			—	1
Total current assets			**3,916**	**10,850**
Non-current assets:				
Participations	3		470,335	470,335
Total non-current assets			**470,335**	**470,335**
Total assets			**474,251**	**481,185**
Liabilities				
Current liabilities:				
Accrued taxes			69	14
Other accrued liabilities			651	1,437
Deferred translation gain			220	84
Total current liabilities			**940**	**1,535**
Equity				
Shareholders' equity:	6			
Share capital			187,650	208,500
Share capital premium – legal reserves from capital contributions			186,040	258,666
allocated to general reserve from capital contributions		181,505		
allocated for own shares at cost from capital contributions		4,535		
Share capital premium – other legal reserves for treasury shares 2nd line at cost (bought for cancellation)			(16,500)	(21,729)
Accumulated surplus			116,121	34,213
Total shareholders' equity			**473,311**	**479,650**
Total liabilities and equity			**474,251**	**481,185**

Statement of income and accumulated surplus/(deficit)

For the year ended 31 December 2013 (all amounts in Swiss Francs thousands unless otherwise stated)

	Note	2013	2012
Income			
Dividends from subsidiaries		117,307	35,256
Other income		39	152
Gain on foreign exchange, net		698	20
Total income		**118,044**	**35,428**
Expenses			
Other expenses		(839)	(968)
Total expenses		**(839)**	**(968)**
Profit before taxes		**117,205**	**34,460**
Taxes	4	(83)	(37)
Profit for the year		**117,122**	**34,423**
Accumulated surplus			
Accumulated surplus brought forward		34,213	5,956
Profit for the year		117,122	34,423
Cancellation of treasury shares 2nd line		(35,214)	(6,166)
Accumulated profit brought forward		**116,121**	**34,213**
Proposal of the board of directors for appropriation of accumulated profit			
To be carried forward		116,121	34,213
Total		**116,121**	**34,213**

Notes to the company financial statements

For the year ended 31 December 2013
(All amounts in Swiss Francs thousands unless otherwise stated)

1 Organisation and business activity

Castle Private Equity AG, Pfäffikon (the "Company"), is a stock corporation established for an indefinite period in the Canton of Schwyz, Switzerland, by deed dated 19 February 1997. The Company's registered office is Schützenstrasse 6, CH-8808 Pfäffikon.

Since 4 September 1998 the shares of the Company are listed in Swiss Francs on the SIX Swiss Exchange and on 21 January 2002 a listing in US Dollar on the SIX Swiss Exchange followed.

The main activity of the Company is investing in a portfolio of private equity investments through its subsidiary, Castle Private Equity (Overseas) Ltd., Grand Cayman (the "Overseas Subsidiary"). The Company is indirectly participating in one additional subsidiary: Castle Private Equity (International) plc, Dublin (the "Ireland Subsidiary"). All Subsidiaries and the Company together: the "Group".

2 Accounting principles

Applying the transitional provisions of the new accounting law, these Company financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations effective until 31 December 2012.

a) Participations
The participation in the Overseas Subsidiary is stated at acquisition cost or at the lower net realisable value.

b) Accounting and reporting currency
The books of the Company are kept in US Dollar. Exchange differences arising from currencies other than US Dollar are reflected in the statement of income. The US Dollar financial statements were translated into Swiss Francs as follows:

- Assets and liabilities by applying the year-end exchange rate except for the participations in subsidiaries and the shareholders' equity which were translated at the historical exchange rate.
- Income and expenses at the average exchange rate for the year.

In accordance with local practice, net translation losses are charged to the statement of income, whereas net translation gains are deferred.

3 Participations

The Company's participation as of 31 December 2013 and 31 December 2012 is composed of 100 per cent interest in the issued non-voting participating share capital. Where a dividend distribution has been approved by a subsidiary, the participation income from the subsidiary is recognised based on an economic standpoint, i.e. at the same time as the corresponding liability is recorded in the subsidiary.

Nominal share capital, issued and fully paid	Overseas Subsidiary TUSD	Total book value of participations TCHF
31 December 2012	25	470,335
31 December 2013	**25**	**470,335**

4 Taxes

The Company is taxed as a holding company and is as such only liable for cantonal/communal capital taxes (reduced rates) and Swiss federal income taxes. The actual tax expenses cover all taxes through 31 December 2013.

5 Commitments, contingencies and other off-balance-sheet transactions

The Company has no open derivative financial instruments contracts as at 31 December 2013 (31 December 2012: Nil).

6 Shareholders' equity

The share capital of the Company at 31 December 2013 amounts to TCHF 187,650 (TUSD 127,677) (31 December 2012: TCHF 208,500 (TUSD 141,863)) consisting of 37,530,000 (31 December 2012: 41,700,000) issued and fully paid registered shares with a par value of CHF 5 each. The translation in US Dollar has been done at the corresponding historical foreign exchange rate. Each share entitles the holder to participate in any distribution of income and capital.

Treasury shares

The Company can buy and sell treasury shares in accordance with the Company's articles of association, Swiss company law and in compliance with the listing rules of the SIX Swiss Exchange.

During the period from 1 January to 31 December 2013 Castle Private Equity (International) plc purchased no treasury shares (2012: Nil) and no treasury shares were sold. As at 31 December 2013 the Ireland Subsidiary held in total 575,885 treasury shares (2012: 575,885). For treasury shares held by subsidiaries reserves for own shares are set aside using cost values TCHF 4,535 (TUSD 4,856) (31 December 2012: TCHF 4,535 (TUSD 4,856)).

Share buyback 2nd line (bought for cancellation)
On 15 July 2011, the Company announced the opening of a second trading line for the Company's shares on the SIX Swiss Exchange starting from 24 August 2011. The Company was the exclusive buyer on this trading line and repurchased shares for the purpose of subsequently reducing its share capital. During the period from 1 January 2012 to 8 March 2012 Castle Private Equity purchased 349,825 treasury shares on this second trading line to the amount of TCHF 3,577 (TUSD 3,882). From 25 August 2011 to 31 December 2011 the Company purchased 1,150,175 to the amount of TCHF 10,089 (TUSD 11,230). Altogether 1,500,000 were purchased on this second trading line to the amount of TCHF 13,666 (TUSD 15,112). These second line treasury shares were cancelled in July 2012.

On 12 April 2012, the Company announced the opening of a further second trading line for the Company's shares on the SIX Swiss Exchange starting from 30 May 2012. The Company was the exclusive buyer on this trading line and repurchased shares for the purpose of subsequently reducing its share capital. During the period from 30 May 2012 to 31 December 2012 the Company purchased 1,726,575 treasury shares on this second trading line to the amount of TCHF 21,729 (TUSD 23,147). During the period 1 January 2013 to 26 April 2013 Castle Private Equity purchased 2,442,425 treasury shares on it second trading line to the amount of TCHF 34,334 (TUSD 36,738). Altogether 4,170,000 shares were purchased on this second trading line to the amount of TCHF 56,062 (TUSD 59,885). These second line treasury shares were cancelled in August 2013.

On 29 April 2013, the Company announced the opening of a further second trading line for the Company's shares on the SIX Swiss Exchange starting from 15 May 2013. The Company is the exclusive buyer on this trading line and is repurchasing shares for the purpose of subsequently reducing its share capital. During the period from 15 May 2013 to 31 December 2013 Castle Private Equity purchased 1,206,500 treasury shares on this second trading line to the amount of TCHF 16,500 (TUSD 17,959).

As at 31 December 2013 the Company held in total 1,206,500 treasury shares (31 December 2012: 1,726,575) on its second trading line. These treasury shares are treated as a deduction from the shareholders' equity using cost values of TCHF 16,500 (TUSD 17,959) (31 December 2012: TCHF 21,729 (TUSD 23,147)).

Altogether the Group holds 1,782,385 treasury shares as at 31 December 2013 (31 December 2012: 2,302,460).

Allocation of general reserves
Under Swiss tax law effective 1 January 2011, repayments of capital contribution reserves established since 1997 are no longer subject to withholding tax deduction. In order to establish the amount of capital contribution reserves that the Company may be able to repay to shareholders without being subject to the withholding tax deduction that applies to dividends paid out of retained earnings, the board of directors received shareholder approval at the 2011 annual general meeting for the allocation of the general reserves, effective 1 January 2011. The general reserves to the amount of TCHF 258,666 were allocated to the legal reserves from capital contributions on 1 January 2011. The amount the Company allocated to the legal reserves from capital contributions deviates slightly from the standard practice of the Swiss tax authorities in that the Company has not deducted the share capital increase expenses.

On 23 May 2013 a capital repayment of CHF 0.75 per share/USD 0.77 per share (at the date of payment) and on 6 December 2013 a capital repayment of CHF 1.25 per share/USD 1.37 per share (at the date of payment) was paid out to investors.

Shareholders' equity

In 2013 (all amounts in Swiss Francs thousands unless otherwise stated)

	Share capital	Share capital premium			Accumulated surplus/ (deficit)	Total
		General reserve from capital contributions	Reserve for own shares – at cost – from capital contributions	Other legal reserves		
31 December 2012	208,500	254,131	4,535	(21,729)	34,213	479,650
Profit for the year	—	—	—	—	117,122	117,122
Purchase of treasury shares 2nd line	—	—	—	(50,835)	—	(50,835)
Cancellation of treasury shares 2nd line	(20,850)	—	—	56,064	(35,214)	—
Capital repayments to investors	—	(72,626)	—	—	—	(72,626)
31 December 2013	**187,650**	**181,505**	**4,535**	**(16,500)**	**116,121**	**473,311**

7 Major shareholders

As at 31 December the following major shareholders are known by the Company:

Major shareholders	2013	2012
Between 3% and 5%	LGT Group Foundation, Liechtenstein LGT Capital Management AG, Switzerland	LGT Capital Management AG, Switzerland
Between 5% and 10%	Warburg Invest, Luxembourg Ironsides Partners, USA	Warburg Invest, Luxembourg Ironsides Partners, USA
Between 10% and 25%	Abrams Capital, USA Swiss Life AG, Switzerland	Abrams Capital, USA Swiss Life AG, Switzerland

8 Compensation and share ownership

The annual remuneration for the members of the board of directors is as follows:

Chairman	TCHF 55
Deputy chairman	TCHF 44
Committee chairman	TCHF 44
Member	TCHF 33

Travel and other expenses related to attendance of board meetings were covered by an expense allowance for each meeting in Switzerland, physically attended, as follows: Switzerland based CHF 100, Europe based CHF 1,250, Overseas based CHF 6,000. Expense accounts in excess of CHF 6,000 shall be signed off by the chairman (or, in the chairman's case, by the deputy chairman). In addition, the Group paid in 2013 a directors and officers liability insurance of TCHF 14 (31 December 2012: TCHF 15).

Due to participation in various projects for the financial year 2012, further compensations have been paid out to director's by the Company. No directors received any shares, options or loans. Dr Marcel Erni, Robert Knapp and James Pluhar have waived any remuneration as board member.

Share ownership	**2013**	**2012**
Castle Private Equity AG		
Members of the board of directors		
Gilbert Chalk	8,750	8,750
Dr Konrad Bächinger	30,000	30,000
Dr Marcel Erni	4,900	4,900
Robert Knapp	2,206,756	2,629,401
Total	**2,250,406**	**2,673,051**

The management transaction reporting's to the SIX are also deemed to be owned by Robert Knapp himself as the ultimate control person of Ironsides Partners fund investment vehicles.

Share ownership	**2013**	**2012**
LGT Private Equity Advisers AG		
Members of the board of directors		
Alfred Gantner	10,000	10,000
Urs Wietlisbach	15,000	15,000
Dr André Lagger	6,000	6,000
General manager		
Dr Hans Markvoort	57,750	57,750
Total	**88,750**	**88,750**

9 Risk management

The board of directors, together with the investment manager, assesses the potential impact of the identified risk factors on the financial performance of the Group and implements risk management policies accordingly. The Company is fully integrated into the group-wide risk assessment process. Certain risk factors are dealt with in the investment guidelines, which provide the general framework under which the Group's operations are carried out. The internal control system framework on financial reporting defines further control measures to address financial risks. For further details on financial risks, refer to note 20 to the consolidated financial statements.

The board of directors reviews the potential risk factors, including those arising from accounting and financial reporting, and assesses their potential impact on the Group's operations on a regular basis, but at least annually.

Corporate governance

In accordance with the corporate governance directive of the SIX Swiss Exchange

1. Group structure and shareholders

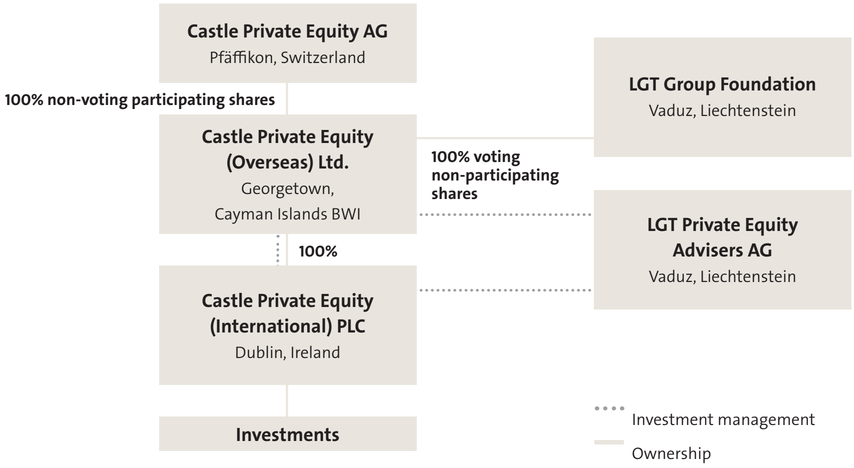
Castle Private Equity ("the Group") consists of Castle Private Equity AG ("the Company") and two fully consolidated subsidiaries, as shown below and as listed in note 1 to the consolidated financial statements. The Company's registered office is Schützenstrasse 6, 8808 Pfäffikon (Freienbach community), Switzerland. Within the Group, only the Company is a listed company.

Significant shareholders
The shareholding structure of the Company as of 31 December 2013 is shown below:

- LGT Capital Management AG, reported a holding of 5.14 per cent.
- LGT Bank in Liechtenstein AG, Liechtenstein, reported a holding of 3.14 per cent.
- Swiss Life AG Switzerland, reported a holding of 10.66 per cent.
- David C. Abrams reported a shareholding of 21.83 per cent.
- Warburg Invest Luxembourg, reported a holding of 7.99 per cent, of which 5.33 per cent held by BAEK Fund.
- Robert Knapp/Ironsides Partners, reported a holding of 6.71 per cent.

An update on shareholdings can be obtained from the SIX website at
http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html#

As of 31 December 2013, the Group held 575,885 treasury shares. The Group has not entered into any cross-shareholdings that exceed 5 per cent of the capital shareholding as voting rights on either side.



2. Capital structure

Capital

The Company's share capital consists of 37.53 million registered shares with a par value of CHF 5 each. The shares are listed in USD and CHF at the SIX Swiss Exchange in Zurich with ISIN CH0048854746 and valor number 4885474. The Company completed a 2011 share buyback programme with the purchase of 1.5 million shares in April 2012. These shares were cancelled on 10 July 2012. A new programme for up to 10 per cent of the Company's share capital commenced in May 2012. On 26 April 2013 the Company completed the 2012 – 2013 share buyback programme with the purchase of 4.17 million shares. These shares were cancelled on 22 August 2013. The Company was authorised to conduct a new share buy-back programme of up to 15.55 per cent of the Company's share capital. As of 31 December 2013, the Company held 575,885 shares in treasury and 1,206,500 shares on the 2013 – 2014 buyback programme. The Company does not have conditional and authorised share capital. The Company has not issued any participation certificates (Partizipationsscheine), preference shares (Vorzugsaktien) or profit sharing certificates (Genussscheine). Shares of the subsidiaries are not listed.

A detailed overview of the capital structure is shown in note 15 to the consolidated financial statements. Changes in capital within the last three financial years can be seen from the consolidated statements of changes in shareholders' equity on page 21 of the 2012 annual report.

The market capitalisation of the Company (ISIN: CH0048854746/Valor: 4885474) per year end 2013 amounted to approx. USD 509 million. There are no outstanding convertible bonds or options issued by the Company or any of its subsidiaries on the Company's securities.

Voting rights, share registration

Each share confers the right to one vote. Entry in the share register of registered shares with voting rights is subject to the approval of the Company. Persons acquiring registered shares shall on application be entered in the share register without limitation as shareholders with voting power, provided they expressly declare themselves to have acquired the shares in their own name and for their own account and comply with the disclosure requirement of the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act).

Entry of registered shares with voting rights may be refused in the following situations:

Persons not expressly declaring themselves to be holding shares for their own account (nominees) shall be entered in the share register with voting rights without further inquiry up to a maximum of 1.5 per cent of the outstanding share capital available at the time. Above this limit, registered shares held by nominees shall be entered in the share register with voting rights only if the nominee in question makes known the names, addresses and shareholdings of the persons for whose account he is holding 0.3 per cent or more of the outstanding share capital at the time and provided that the disclosure requirement stipulated by the Stock Exchange Act is complied with. The board of directors has the right to enter into agreements with nominees concerning their disclosure requirements.

Legal entities or partnerships or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships (especially syndicates) which act in concert with intent to evade the entry restriction are considered as one shareholder or nominee.

The Company may in special cases approve exceptions to the above regulations. After due consultation with the person concerned, the Company is further authorised to remove the shareholder from the share register as shareholder with voting rights with retroactive effect if they were effected on the basis of false information or if the respective person does not provide the information required.

No agreements with nominees were entered into, nor were exceptions to the above regulations granted in 2013.

3. Board of directors

As of 31 December 2013, all members of the board of directors are non-executive. None of the members have been members of management of the Company or one of its subsidiaries over the last three years. Dr Marcel Erni is affiliated with Partners Group, which, together with LGT Group Foundation, owns the investment manager that manages the Group's investments.

No other member of the board of directors has any significant business connections with any members of the Group.

The board is composed of the following members:

Gilbert J. Chalk,
chairman of the board

Gilbert Chalk (British citizen, 1947) holds a BSc from Southampton University an MA in Business at Lancaster University and obtained an MBA from Columbia University in 1972. He worked in corporate finance at Hill Samuel Bank before joining Hambros Bank in 1980 as a manager and, subsequently, director in their corporate finance department. In 1987 he founded and became managing director of Hambro European Ventures, a position he held until 1994. Since 1994 he has been active as director and adviser of a number of privately financed companies. From 2000 to 2010 he was chairman of the Baring English Growth Fund.
Gilbert Chalk was elected at the general meeting held on 29 October 2008. He was re-elected at the annual shareholders' meeting in May 2013 for a term ending at the 2014 annual shareholders' meeting. He currently is director of Vantage Goldfields Limited and chairman of Aurora Russia Limited and is an investor representative at Cognito Limited.

Dr Konrad Bächinger,
deputy chairman of the board

Dr Konrad Bächinger (Swiss citizen, born 1950) received a Ph.D. in law from the University of Zurich. He was admitted to the bar in 1977. He acted subsequently as legal counsel for the St. Gallische Creditanstalt and as head of legal department of Adolph Saurer AG. In 1984, he joined LGT Bank in Liechtenstein as general counsel. In 1989 he was appointed managing director and head of legal matters and project department. In 1990 he became member of the executive board of the bank, heading commercial banking and legal matters. In 1998 he became chief executive officer of LGT Capital Management. In April, 2001 Dr Bächinger was appointed to the group executive committee of Liechtenstein Global Trust, now known as LGT Group Foundation.

In 2006, he became a senior advisor of LGT Group Foundation and in 2010 he retired from LGT.

Dr Bächinger is also deputy chairman of the board of directors of Castle Alternative Invest AG and of several investment companies managed or advised by affiliates of LGT Group Foundation. Dr Bächinger was elected to the board of directors in 1997 and was re-elected at the general meeting held in May 2013 for a term ending at the 2014 annual shareholder meeting.

Dr Marcel Erni,
member of the board

Dr Marcel Erni (Swiss citizen, born 1965) completed his undergraduate studies in economics and finance at the University of St. Gallen, received an MBA from the University of Chicago and a Ph.D. in finance from the University of St. Gallen. Dr Erni worked three years as consultant for McKinsey & Co. in Switzerland, prior to joining Goldman, Sachs & Co. Bank in Zurich in 1994. In 1996, Dr Erni was one of the founders of Partners Group, of which he currently serves as vice chairman and chief investment officer. He is a member of the business development committee and the global portfolio investment committee. He is also a member of the board of directors of IHAG Holding AG, Zurich and Perennius Capital, Milan.

Dr Erni was elected to the board of directors of Castle Private Equity AG in 1997. He was re-elected at the annual shareholders' meeting in May 2013 for a term ending at the 2014 annual shareholders' meeting.

Heinz Nipp,
member of the board

Heinz Nipp (citizen of the Principality of Liechtenstein, born 1951) completed a banking apprenticeship and training as a financial analyst which were later followed by executive management studies at Stanford University.

Prior to joining LGT Bank in Liechtenstein in 1982, Mr Nipp spent several years abroad to gain practical banking experience. Mr Nipp was the CEO of LGT Bank in Liechtenstein until 1 January 2001 when he was appointed member of the group executive committee of Liechtenstein Global Trust, now known as LGT Group Foundation. In October 2006, Heinz Nipp was appointed executive chairman wealth management Asia of LGT Group Foundation. He retired from his functions at LGT in 2008.

Heinz Nipp was elected to the board in 1997. He was re-elected at the annual shareholders' meeting in May 2013 for a term ending at the 2014 annual shareholders' meeting.

James Andrew Pluhar,
member of the board

James Pluhar (US citizen, born 1977) is a managing director at Abrams Capital, which he joined in 2006. Mr Pluhar is responsible for the firm's investments in the listed private equity sector. He was previously an Associate Consultant with Bain & Company in New York where he worked in that firm's private equity practice. Mr Pluhar received a B.A. from Dartmouth College and a JD/MBA from Stanford University.
Mr Pluhar was elected to the board of directors at the annual meeting in April 2012. He was re-elected at the annual shareholders' meeting in May 2013 for a term ending at the 2014 annual shareholders' meeting.
Mr Pluhar resigned from the board of directors on 7 February 2014.

Thomas Amstutz,
member of the board and
audit committee chairman

Thomas Amstutz (Swiss citizen, born 1962) completed his bank apprenticeship at Credit Suisse and graduated from Commercial School of Business Administration. From 1978 until 2004 he held a variety of management positions with Credit Suisse Group. In 1987 he was appointed managing director of CSFB Geneva, Head of Foreign Exchange/Precious Metals Options. Between 1991 and 1996 he held different positions within Credit Suisse in Zurich, before heading the Sales and Trading department in Frankfurt. In 1999 he was appointed member of the executive board of Credit Suisse Private Banking and from August 2002 until December 2004 he was member of the executive board of Credit Suisse Financial Services and Head of the Division Investment Management.
Thomas Amstutz is currently member of the board of directors of Alpine Select AG, Zug, and member of the board of directors of Absolute Invest AG, both listed Swiss investment companies. He is also chairman of the board of directors and CEO of Absolute Investment Services Ltd. Zurich, chairman of Jade Invest SA, Neuchâtel, vice-chairman of FinOps AG, Zurich and member of the board of JAAM AG, Zurich. Furthermore Mr Amstutz is a member of the Asset Allocation Committee of Spida Personalvorsorgestiftung, Zurich, as well as Trustee of the Board of the Zurich International School, Zurich.
Mr Amstutz was elected to the board of directors of Castle Private Equity AG at the annual meeting in April 2012. He was re-elected at the annual shareholders' meeting in May 2013 for a term ending at the 2014 annual shareholders' meeting.

Robert Knapp,
member of the board

Robert Knapp (US citizen, born 1966) acts as chief investment officer of Ironsides Partners LLC and the Ironsides Partners Opportunity Fund. Mr Knapp specialises in closed end funds, corporate restructurings, emerging markets and distressed debt. In addition to Ironsides, he serves as the lead independent director of MVC Capital Inc. (NYSE: MVC), and is also a director of the Africa Opportunity Fund (LSE AIM: AOF) and the Pacific Alliance Asia Opportunity Fund (LSE AIM: PAX).
Mr Knapp previously was a managing director with Millennium Partners from 1997 to 2006. He earned a BSc in Electrical Engineering from Princeton University in 1989 and a BA in Politics, Philosophy and Economics from New College, Oxford University in 1993.
Mr Knapp was elected to the board of directors at the annual meeting in April 2012. He was re-elected at the annual shareholders' meeting in May 2013 for a term ending at the 2014 annual shareholders' meeting.

Responsibilities
The principal responsibilities of the board of directors as defined in the Swiss Code of Obligations and the Company's articles of association and organisational regulations are:
(i) organisation of the Company's main structures, including planning, management and reporting procedures and its internal risk control systems;
(ii) determination of the investment policy and supervision of its implementation; and
(iii) appointment and supervision of the Company's general manager and the investment manager.

Board members share these responsibilities jointly. No specific tasks have been allocated to individual members of the board. An audit committee has been set up, in which all directors are members. The audit committee is chaired by Thomas Amstutz.

The audit committee's duties include:
(i) selecting the auditor (for approval at the shareholders' meeting), as well as determining and supervising the terms of their engagement;
(ii) monitoring the integrity of the financial statements; and
(iii) reviewing the internal control systems in place in the Company.

Organisation
The board of directors has delegated the operational management of the Company to Dr Hans Markvoort as general manager (see next page), in accordance with Art. 716b CO and the articles of association and organisational regulations of the Company.

The board has delegated the management of the Company's assets in accordance with the investment policy and guidelines to LGT Private Equity Advisers AG, the investment manager (see next pages).

The board resolves by majority vote with the presence of a majority of members. Decisions can be taken by phone conference or circular resolution unless a board member requests otherwise. The board of directors meets as often as business matters require, as a rule four times a year.

The board considers agenda items laid out in the notice and agenda which are formally circulated to the board in advance of any meeting as part of the board papers. The members of the board may request any agenda items to be added that they consider appropriate for board discussion. In addition each director is required to inform the board of any potential or actual conflict of interest prior to board discussion. In 2013, four board meetings and three audit committee meetings were held, with an average duration of between two and four hours. Board meetings are attended by representatives of the investment manager and the general manager. In addition to the physical meetings, various ad hoc meetings and phone conference calls were held throughout the year to deal with matters substantially of an administrative nature and these were attended by the directors available at the time.

In addition to board meetings, individual members of the boards of the Company and of the investment manager and the general manager interact frequently.

Information and control
In addition to information received in board meetings, the directors receive occasional reports on the course of business, including the status of the portfolio. Directors may request additional information or details through the general manager.

4. Management

General manager
The board of directors has delegated the operational management of the Company to Dr Hans Markvoort as general manager.

Dr Hans Markvoort
(Swiss citizen, born 1965) graduated with a Ph.D. in economics from the University of St. Gallen in 1995 after studies in the Netherlands and Switzerland. He was head of controlling and company secretary of Industrieholding Cham, a diversified Swiss industrial group, until 1998. He subsequently served as chief financial officer of Universal Holding, a European subsidiary of a US industrial equipment supplier. He joined LGT's private equity team in 2000, serving as general manager of Castle Private Equity AG.

There are no other activities and vested interests of the members of the management.

Investment manager
LGT Private Equity Advisers AG, Vaduz, has been appointed investment manager. The investment manager is responsible for the management of the Company's assets in accordance with the investment policy and guidelines. The investment manager does not have any duties or responsibilities in relation to the operational management of the Company. The main responsibilities of the investment manager are:
(i) implementation of the investment policy, including identifying, purchasing and selling investments;
(ii) monitoring of investments; and
(iii) analysis and forecast of cash flows.

The role of the investment manager is governed through investment management agreements with the subsidiaries. These agreements do not have a fixed termination date but can be terminated by either party at 90 days' notice. The compensation of the investment manager is shown in notes 7, 18 and 19 of the consolidated financial statements. The fees paid to the investment manager include also the services of Dr Hans Markvoort as general manager.

The board members of the investment manager are affiliated with LGT Group Foundation or with Partners Group. LGT Group Foundation owns 60 per cent, Partners Group owns 40 per cent of the investment manager. The members of the board of directors of LGT Private Equity Advisers AG are:

Alfred Gantner
Swiss citizen, born 1968. He received his MBA from the Brigham Young University in Utah with a specialisation in finance. He worked at Cantrade Privatbank in Switzerland and joined Goldman, Sachs & Co. in New York and London prior to transferring to their Zurich office in 1994. Alfred Gantner co-founded Partners Group in 1996 and currently serves as the firm's executive chairman, leading the business strategy and corporate development of the firm. He is a member of the business development committee and the global portfolio investment committee.

Ivo Klein
Citizen of Liechtenstein, born 1961. He completed his studies in business administration at the University of Applied Sciences in St. Gallen, Switzerland, subsequent to which he trained to be an auditor. Ivo Klein has been working in the Group Internal Audit Department of the LGT Group for 15 years of which 10 years was spent as assistant head of the department. In 2001 he took over the newly created function of Head of Group Compliance at LGT. Ivo Klein was member of the Liechtenstein Landtag (parliament) between 2001 and 2009, of which as vice chairman between 2005 and 2008. In June 2011 he was appointed as member of the Executive Board at LGT Bank AG.

Dr André Lagger
Dr André Lagger, Swiss citizen, born 1962 received a Ph.D. in business administration from the University of Berne and completed studies at the Swiss Banking School. He began his career at Union Bank of Switzerland in Zurich, moving to UBS London in 1994 as head of corporate development of UBS London. In 1997, he joined LGT Services in Zurich as head of corporate controlling. Subsequently, he became, in 1998, member of the executive board and chief financial officer of LGT Capital Management in Vaduz and, in 2001, chief executive officer of LGT Financial Services. Since October 2006, he is CEO of the business unit operations & technology of LGT Group Foundation.

Dr Roberto Paganoni
Dutch citizen, born 1961. Roberto Paganoni completed his mechanical engineering studies at the Technical University of Aachen and received a Ph.D. in business administration from the University of St. Gallen. He joined McKinsey & Co. in 1989, for whom he worked in their Duesseldorf, Brussels and Zurich offices. In 1997, he joined Liechtenstein Global Trust as head of alternative assets. Since 2001, Roberto Paganoni is managing partner and chief executive officer of LGT Capital Partners Ltd.

Urs Wietlisbach
Swiss citizen, born 1961. Urs Wietlisbach received his graduate degree from the University of St. Gallen with specialisation in banking and economics. After extensive training with Goldman, Sachs & Co. in New York, London, Tokyo and Hong Kong, Mr Wietlisbach was appointed head of the Goldman, Sachs & Co. institutional sales desk in Zurich in 1994. In 1996, Mr Wietlisbach was one of the founders of Partners Group. He currently serves as executive vice chairman, having responsibility for the international business development of the firm. He is a member of the business development committee.

Investment advise
For the investment management LGT Private Equity Advisers AG makes use of the private equity investment team of LGT Capital Partners AG. The team consists of over 50 private equity professionals combining American and European education, investment experience and networks on a global basis. The key investment professionals of LGT Capital Partners are as follows:

Maximilian Brönner
German citizen, born 1966. Maximilian Brönner was educated at the Université de Fribourg and the London School of Economics. Mr Brönner started his career at Dresdner Bank AG in Frankfurt and worked in investment banking for Banco Bilbao Vizcaya in Madrid and for Jones Lang Wootton in Berlin. Prior to joining LGT Capital Partners in 1999, he was a corporate finance manager at Pricewaterhouse mainly responsible for private equity transactions. He is a managing partner at LGT Capital Partners.

Dr Roberto Paganoni
(see above)

Ivan Vercoutère
French citizen, born 1966. He received a BSc in Finance from San Diego State University. Prior to joining LGT Capital Partners in 1998, Mr Vercoutère was Vice President and investment committee member of Pacific Corporate Group, Inc (PCG), a California-based global private equity advisor and manager. Ivan Vercoutère is a managing partner at LGT Capital Partners.

5. Compensation, shareholdings and loans

The remuneration of the board of directors is as follows:

Chairman	TCHF	55
Deputy chairman	TCHF	44
Committee chairman	TCHF	44
Member	TCHF	33

Dr Marcel Erni, Robert Knapp and James Pluhar waived any remuneration as board member.

Travel and other expenses related to attendance of board meetings were covered by an expense allowance for each meeting in Switzerland, physically attended, as follows: Switzerland based CHF 100, Europe based CHF 1,250, Overseas based CHF 6,000. Expense accounts in excess of CHF 6,000 shall be signed off by the chairman (or, in the chairman's case, by the deputy chairman).

No further compensation or fees, shares, options or loans by the Company or its subsidiaries for their activities have been due.

6. Voting and representation restrictions

Voting restrictions
The articles of association do not contain any statutory voting rights restrictions other than those disclosed in section 2 above. No exceptions were granted in the year under review.

The convocation of the general meeting of shareholders and the addition of items to its agenda are conform with the regulations of the Swiss code of obligations.

General meeting of shareholders
The next shareholders' meeting is scheduled for 14 May 2014 and shall be convened by publication in the Swiss Official Gazette of Commerce at least 20 days prior to the date of the meeting.

Shareholders registered with voting rights in the shareholders' register until and including 6 May 2014 shall receive, with their invitation to the annual general meeting, a registration card to apply for an admission card and voting documentation. No new share registrations with voting rights shall be made in the shareholders' register between 6 May 2014 and the end of the general meeting.

Shareholders representing at least 10 per cent of the share capital may request that an extraordinary shareholders' meeting be convened. Shareholders representing shares with an aggregate nominal value of at least CHF 1 million may request that an item be included in the agenda of the shareholders' meeting. Such requests must be made in writing at least 35 days before the date of the meeting, specify the item to be included in the agenda and contain the proposal on which the shareholder requests a vote.

Statutory quorums

The articles of association contain the following voting quora that extend beyond the thresholds of simple and qualified majority prescribed in the Swiss Code of Obligations:

- the easement or abolition of the restriction of the transferability of the registered shares;
- the conversion of registered shares into bearer shares and bearer shares into registered shares; and
- the abolition of restrictions in the articles of association concerning the passing of a resolution by the shareholders' meeting.

The dissolution of the Company with a liquidation requires a resolution of the shareholders' meeting passed by at least 80 per cent of all share votes.

7. Change of control

The Company has stated in article 6h of its articles of association that a party acquiring shares above the legal threshold potentially triggering a public offer in the Company is not obliged to make a public offer to acquire all shares of the Company pursuant to articles 32 and 52 of the Stock Exchange Act (opting-out clause).

The members of the board of directors, the general manager and the investment manager do not benefit from contractual clauses on change-of-control situations.

8. Auditors

PricewaterhouseCoopers Ltd., Zurich, are the auditors of the Company. They accepted the mandate in 2001. Guido Andermatt, the auditor in charge, took up office in 2008.

Total audit fees charged by PricewaterhouseCoopers for the 2013 audit amounted to TUSD 178 (2012: TUSD 174).

Supervision of the audit takes place in various meetings and discussions between the auditors and board members throughout the year as well as through the internal audit department of LGT Group Foundation.

Principal means of information between the external auditor and the board of directors (in particular through the audit committee) is the annual audit report submitted by the auditor to the directors. The report is generally discussed with representatives of the auditor at the spring board meeting that also resolves on approval of the annual report. Prior to discussion of the auditors' report, audit committee meetings – typically in the form of conference calls – take place to discuss progress of the audit and any specific matters noted. Preparation of the audit (which includes an update on changes in accounting and reporting standards and audit requirements by the auditor) usually take place in autumn, either in the form of the auditor's presence at a board meeting or by means of a phone discussion.

9. Information policy

The Company publishes an annual report per 31 December, a semi-annual report per 30 June and quarterly reports per 31 March and 30 September. Furthermore, the Company publishes monthly portfolio updates.

The Company publishes these and other documents on the Company's website www.castlepe.com. Subscribers listed on the Company's distribution schedule generally receive these documents (or references to their website location) upon publication by e-mail. Ad-hoc messages and announcements (e.g. regarding general meetings) are also distributed by e-mail. Several documents are available in print form. Please contact representatives of the Company through the website or by letter or phone to be added to the mailing list.

The financial calendar can be downloaded from the Company's website www.castlepe.com.

Non-applicability/negative disclosure
It is expressly noted that any information not contained or mentioned herein is non-applicable or its Omission is to be construed as a negative declaration (as provided in the Corporate Governance Directive and the commentary thereto).

Share information

Exchange rate CHF/USD: 0.8891

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Since inception
Share information											
Number of issued shares at year end (000)[2]	4,320[1]	4,320[1]	4,320[1]	4,320[1]	43,200	43,200	43,200[3]	43,200[4]	41,700[5]	37,530[6]	
USD net asset value[2]	9.24	10.82	13.13	17.06	11.77	12.18	14.70	15.76	17.40	17.14	
USD closing price[2]	6.65	8.80	10.20	12.25	3.20	5.25	8.70	10.80	14.10	13.55	
CHF closing price[2]	7.75	11.51	12.50	13.81	3.43	5.40	8.11	10.10	13.00	11.95	
Share performance											
USD net asset value	12.9%	17.1%	21.4%	29.9%	(31.0%)	3.5%	20.7%	7.2%	10.4%	10.6%[7]	149.6%[7]
USD closing price	(5.0%)	32.3%	15.9%	20.1%	(73.9%)	64.1%	65.7%	24.1%	30.6%	11.5%[7]	126.2%[7]
CHF closing price	(11.4%)	48.5%	8.6%	10.5%	(75.2%)	57.4%	50.2%	24.5%	28.7%	7.3%[7]	34.1%[7]

[1] Of which 800,000 owned by the Group.
[2] Adjusted for the ten for one share split.
[3] Of which 191,853 owned by the Group.
[4] Of which 1,726,060 owned by the Group.
[5] Of which 3,771,129 owned by the Group (575,885 in treasury and 3,195,244 for cancellation).
On 12 July 2012, the 1,500,000 shares purchased in the 2011 share buyback program were cancelled.
[6] Of which 1,782,385 owned by the Group (575,885 in treasury and 1,206,500 for cancellation).
On 22 August 2013, the 4,170,000 shares purchased on the 2012/2013 share buyback program were cancelled.
[7] Adjusted for capital repayments of CHF 0.75 per share/USD 0.77 per share on 23 May 2013 and CHF 1.25 per share/USD 1.37 per share on 6 December 2013.

Listing

SIX Swiss Exchange 4885474 (Swiss)

Price information

Reuters: CPE.S, CPEu.S

Bloomberg: CPEN SW <Equity>, CPED SW <Equity>

Publication of net asset value

www.castlepe.com

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