Annual Report
2012

castle
PRIVATE EQUITY

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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 26 March 2013.
The subsequent event notes in the financial statements have been updated to 12 March 2013.
Amounts in this report are stated in USD thousands (TUSD) unless otherwise stated.

Castle Private Equity in 2012

(All amounts in USD, unless when indicated otherwise)

	2012	2011	
Net asset value	685 million	654 million	Net asset value increased by USD 31 million
Net asset value per share	17.40	15.76	Net asset value per share increased by 10.4 per cent
Share price	14.10	10.80	Share price increased 30.6 per cent
Discount to audited net asset value	19 per cent	31 per cent	
Private equity assets	650 million	652 million	
Capital calls	70 million	81 million	
In per cent of initial uncalled	44 per cent	42 per cent	
Distributions	133 million	138 million	
In per cent of initial PE assets	20 per cent	21 per cent	
New commitments	—	26 million	No new commitments following the adoption of a harvesting strategy in April 2012
Investment degree	95 per cent	100 per cent	
Uncalled commitments	122 million	160 million	
Uncalled as per cent of NAV	18 per cent	25 per cent	
Credit facility	75 million	150 million	Facility reduced to reflect the credit requirements of a harvesting strategy
Credit facility use	—	2 million	
Cash position	43 million	8 million	
Treasury shares	575,885	575,885	
Treasury shares 2nd line (bought for cancellation)	1,726,575	1,150,175	
Cancelled shares	1,500,000	—	2011 share buyback program shares cancelled in July 2012
Shares in circulation	39,397,540	41,473,940	

Chairman's statement

Harvesting the portfolio to its full potential

Dear shareholders,

Net asset value increased by over 10 per cent in 2012

Castle's capital has been used over many years to finance growth and to help transform underlying companies, making them more valuable as a result. The Company's net asset value ("NAV") growth continues to reflect the success of this strategy. NAV increased by over 10 per cent to USD 17.40 by the end of 2012. The Company's share price closed the year at USD 14.10 per share representing a discount to NAV of 19 per cent and an increase of 31 per cent over the previous year and is now 4.4x its nadir of USD 3.20 per share in November 2008.

New strategy and new board

This latest performance in part reflects the changes in the Company's strategy adopted at the AGM to harvest the Group's portfolio, to cease new investment commitments and to continue to buy back the Company's shares on the secondary market in increased volumes. The benefits of this strategy would not have been have as marked as they have been over the last year if the Manager and the board had not assembled such a strong portfolio over the years and taken the necessary steps to rebalance the Group's balance sheet following the 2008 financial crisis.

At the general meeting in April 2012, the composition of the board of directors was changed to include representatives of the Company's new major shareholders and Jörg-Peter Lühmann resigned from the board as a consequence. I would like to take this opportunity to thank Jörg-Peter Lühmann for his contribution to the Company over many years and especially his dedicated and constructive assistance from 2008–2012 in helping to guide the company into calmer waters in the period following the financial crisis.

Shape of realisation strategy

The objective of the approved harvesting strategy is to realise the value of the portfolio in an orderly fashion with the aim of maximising returns to shareholders. This is reflected in the changed investment objectives and investment policies. Under the new strategy, no new investment obligations will be undertaken and the company's existing private equity fund investments are being harvested as their underlying positions are realised. The liquidity that becomes available as a result may be used for share buybacks or other methods of returning capital to shareholders. Secondary sales of the company's limited partnerships investments will only be considered by the manager on an exceptional basis.

As noted, the portfolio has been carefully constructed over many years and, as the underlying managers continue to work on private equity value-creation strategies, should continue to provide attractive returns. While some investments may be realised rapidly, others will benefit from being held for a few more years. The board considers it to be in the best interests of all investors to follow an orderly timetable for harvesting the portfolio. It also believes that the current investment manager, with its deep knowledge of the company's assets, is best placed to realise maximum value for shareholders.

Reduction in management fees

As a consequence of the approved harvesting strategy and in light of changes in the investment policy, the investment manager agreed to the board's request that it reduce the current management fee of 2 per cent to 1 per cent of net asset value per annum, effective from 1 July 2012 onwards.

All investment stages contributed positively

As mentioned earlier, the portfolio grew by over 10 per cent in the year. Returns were mainly driven by US and Asian investments. The US exposure, in particular, was one of the key drivers of growth in the portfolio. It is noteworthy that all investment stages – from early stage venture to financial-distress oriented funds – contributed positively. Further, early stage venture investments in the portfolio generated one of the highest internal rate of return in the year (7 per cent), mainly driven by favourable exit conditions during the first couple of months of the year. Strong earnings growth and healthy capital structures had a further positive impact on the NAV. The investment manager's report details the developments in the portfolio and Castle's overall position over the year.

Uncalled capital at historically low level, share price grew by over 30 per cent

As no new commitments are being made, cash outflows for new investments from existing commitments will fall over time. With fund managers expected to call some 30 – 40 per cent of uncalled capital on an annual basis overall, the current level of uncalled commitments of USD 122 million implies that outflows for 2013 will be at a significantly lower level than in previous years. This is both because the remaining uncalled capital is now lower than in the past and an increasing portion of that capital is allocated to funds that have matured beyond their investment period. Approximately 13 per cent of the current NAV is invested in funds which are already in liquidation mode. These portfolio positions will be fully realised in the next 1 to 2 years and any uncalled capital relating to these funds will not be called at all. The bulk of the portfolio, approximately 75 per cent, is in realisation mode with only sporadic capital calls for add-on investments or fees likely to occur. Distributions on the other hand, should continue to benefit from an increasingly mature portfolio.

The over USD 63 million net liquidity generated by the portfolio during the course of 2012 allowed the board to follow a distribution approach under which realised proceeds are returned to investors in the form of share buybacks. This may be followed by other distribution mechanisms in due course. The company commenced a programme to buy back up to 10 per cent of its own shares for cancellation in May, in order to reduce the discount to net asset value at which the shares have been trading. By the end of the year 2012, 4.1 per cent of the issued share capital has been repurchased for cancellation. During 2012, Castle's share price increased by over 30 per cent to USD 14.10 per share.

Renewal of credit facility

In light of the portfolio harvesting strategy, LGT Bank's existing USD 150 million credit facility which ended in June 2012 was replaced with a facility of USD 75 million until the end of June 2013, USD 50 million until June 2014 and USD 30 million until June 2015. With the adoption of the portfolio harvesting strategy, the low amount of uncalled capital of USD 122 million per December 2012 and the cash-flow positive nature of its mature portfolio, the investment manager does not expect to draw more than a small proportion of the available facility, predominantly to balance out short-term liquidity imbalances.

General meeting 15 May 2013 in Switzerland

The company's 2013 annual general meeting is scheduled to take place on 15 May 2013 at its offices 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 of the board of directors

Investment manager's report

Mature portfolio ripe for harvest

Dear shareholders,

NAV increased by over 10 per cent

Castle Private Equity's audited net asset value increased by over 10 per cent or USD 1.64 per share in 2012 to USD 685 million or USD 17.40 per share.

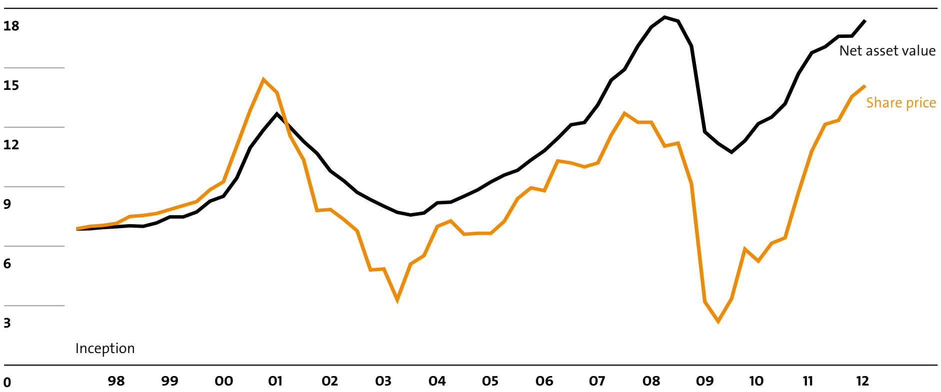
With share price increases of 28.7 per cent and 30.6 per cent for the CHF and USD traded shares, respectively Castle's share price has developed well during the course of the year.

An uncertain economic environment

2012 offered a mixed environment for value creation in Castle Private Equity's portfolio. The global economy continued to struggle with the headwinds of excessive debt, austerity, and deleveraging. Although there were signs of improvement as the year progressed, particularly in the US labour and housing markets, global economic conditions remained challenging. In China, growth slowed to the lowest levels since early 2009. In Europe the on-going commitment to austerity kept the UK and peripheral nations in recession. In the euro zone, concerns about Spain's banks, a potential Greek exit and the ratification of the fiscal compact dominated markets in the first half. As the year progressed, however, the perceived risk of a euro break up reduced markedly as progress was made on a number of policy initiatives.

While global private equity investment activity remained stagnant in 2012, the environment for leveraged transactions became more favourable towards the end of the year, in particular in the US.

Share price and net asset value in US Dollar since inception



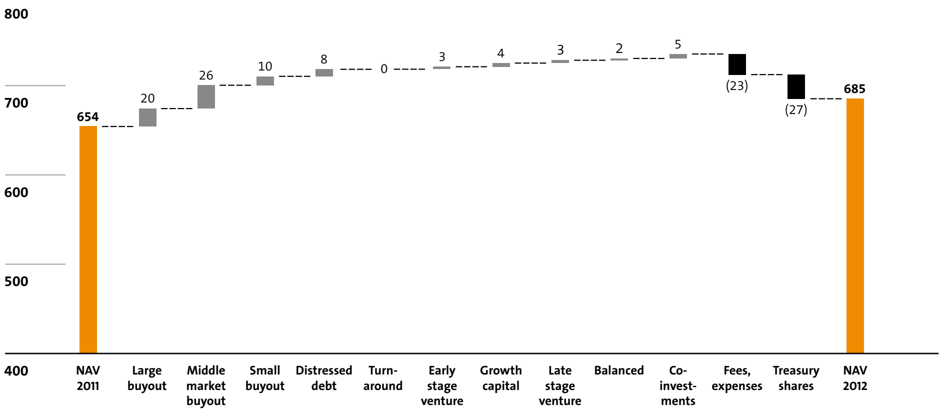
Quantitative easing supports liquidity of US debt markets

US private equity activity was supported by good constitution of its debt markets. Multiple rounds of quantitative easing by the Federal Reserve Board and the accompanying record-low interest rate levels resulted in investors having abundant liquidity and hunting for yields, among others on the high-yield markets typically used to finance leveraged buyouts. The absence of significant (sovereign) debt issues on banks' balance sheets, furthermore, led to a supply of bank financing for smaller transactions that compared very favourably to the situation of deleveraging banks in most of Europe.

Significant secondary transactions

Private equity deal activity was characterised to a significant extent by secondary market transactions. Some reports indicate that the dry powder, or callable capital reserves, of private equity funds could be as high as USD 400 billion worldwide. Mature private equity funds, on the one hand, had a strong incentive to invest their capital before the expiration of their fund investment period. At the same time, due to the financial crisis and other market factors limiting exit alternatives, private equity funds typically have held portfolio companies for longer than the usual holding period and are actively seeking exit opportunities. The combination of these factors, mixed with greater availability of credit, provided a meaningful backdrop for secondary buyouts, i.e. transaction between two private equity funds. These secondary buyouts accounted for 30 per cent of 2012 aggregate private equity deal value (up from the record level of 25 per cent in 2011), according to Preqin data. Secondary buyouts may also have been compensating for relatively poor IPO markets.

NAV change by financial stage in 2012
in USD millions



Global IPO issuance suffered in 2012, burdened by a weak stock market in China and the sovereign debt crisis in Europe. IPO proceeds fell 28 per cent to USD 100 billion, the lowest level since 2008. A lack of Chinese government-backed IPO's on the Shanghai and Hong Kong exchanges contributed to a 40 per cent decline in proceeds raised in the Asia Pacific region. In Europe, the absence of large offerings compared to 2011 (which included the USD 10 billion IPO of commodities firm Glencore), contributed to a two-thirds drop in financing raised. Only North America improved its issuance volume and picked up market share, supported by Facebook's massive USD 16 billion offering in May 2012.

Moderate pressure on valuation levels

Valuation levels were moderately under pressure in the year under review. Profit levels of portfolio companies stabilised on historically high levels after experiencing strong growth in 2009 and 2010. Private equity valuation multiples – in parallel to those in public equity markets – experienced downward pressure in reflection of the uncertain economic outlook, notably of Europe. Unrealised value changes in the portfolio therefore occurred more in select industries such as oil and gas and technology rather than across the board. Valuation increases could be observed more commonly upon the realisation of holdings: Solid demand for good companies in combination with low interest rates allowed sellers to realise companies significantly above their carrying valuations of only few months earlier.

In that environment, Castle Private Equity's portfolio showed reasonable net asset value growth in 2012.

Major exits

In 2012

Month	Partnership	Company	Sector, location	Exit
March	The Triton Fund (No. 9) L.P.	Lehnkering	logistics, Germany	sale to Imperial Holdings
March	Benchmark Israel II, L.P.	Cotendo	IT, USA	sale to Akamai
March	New Enterprise Associates 10, L.P.	Inhibitex	pharmaceuticals, USA	sale to Bristol-Myers
April	Arsenal Capital Partners QP II-B, L.P.	Novolyte	specialty chemicals, USA	trade sale to BASF
June	Warburg Pincus Private Equity VIII, L.P.	CAMP Systems	IT, USA	secondary sale to GTCR
June	Battery Ventures VIII, L.P. Battery Ventures VIII Side Fund, L.P.	Groupon	IT, USA	public markets
July	Clayton, Dubilier & Rice Fund VII, L.P.	Sally Beauty	beauty products, USA	public markets
August	The Triton Fund II, L.P.	Bravida	construction, Sweden	secondary sale to Bain Capital
August	Nmas1 Private Equity Fund No. 2 L.P.	ZIV	energy, Spain	trade sale to Crompton Greaves
November	The Triton Fund II, L.P.	Dematic	logistics, Germany	secondary sale to AEA and Teachers' Private Capital
November	Genstar Capital Partners V, L.P.	Confie Seguros	insurance, USA	secondary sale to ABRY Partners
November	J.W. Childs Equity Partners III, L.P.	CHG Healthcare	healthcare, USA	secondary sale to Leonard Green & Partners
December	Wellspring Capital Partners IV, L.P.	Cleaver – Brooks	heating systems, USA	trade sale to Harbour Group

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

Portfolio gains of USD 75 million and a USD 2 million currency gain

The net asset value of Castle Private Equity developed solidly throughout the year, increasing by over 10 per cent as of 31 December 2012. 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 2012, the portfolio generated gains of USD 75 million and a positive impact of USD 2 million from the 1.6 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 2012.

Investments in the buyout segment performed well during the year with an average IRR of 17 per cent for funds focusing on small transactions and 11 per cent for funds focusing on mid-market buyout investments. The contribution of large buyouts ended at 16 per cent for 2012, partially driven by the gradual return to health of the debt market. With a share of private equity assets of 12, 35 and 21 per cent for small, mid-market and large buyout transactions respectively, buyouts account for almost two-thirds of the portfolio.

Small buyout funds contributed a gain of USD 13 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 combination of a few funds. Key performer was the industrial and healthcare focused fund Arsenal II, which profited from the recapitalisation of Charter Brokerage. Furthermore, Arsenal II successfully completed the sale of the Novolyte Energy Storage and Performance Material business to BASF.

Major new investments

In 2012

Month	Partnership	Company	Sector, location	Seller
February	Arsenal Capital Partners QP II-B, L.P.	Western Institutional Review Board	clinical trials, USA	divestment by owner
February	Court Square Capital Partners II, L.P.	Encompass Digital Media	digital media services, USA	Wasserstein & Co
March	CDH China Fund III, L.P. CDH Supplementary Fund III, L.P.	Midea	kitchen appliances, China	public market
April	Court Square Capital Partners II, L.P.	Physiotherapy Associates	healthcare, USA	purchase from Water Street Healthcare Partners and Wind Point Partners
April	Hahn & Company I, L.P.	Daehan Cement	industrial, Korea	divestment by Daehan Group
May	Hahn & Company I, L.P.	Coavis	automotive parts, Korea	divestment by major shareholder
July	Bain Capital Asia Fund II, L.P.	Jupiter Shop Channel	home shopping, Japan	partial divestment by Sumitomo
August	Bain Capital Europe Fund III, L.P.	Bravida	construction, Sweden	purchase from Triton
September	EOS Capital Partners IV, L.P.	ProEnergy	oil and gas, USA	additional equity to fund expansion
October	Bain Capital Asia Fund II, L.P. Bain Capital Fund X, L.P.	Genpact	business process outsourcing, India	purchase from General Atlantic/ Oakhill Capital
October	Kennet III A, L.P.	Trademob	online marketing, Germany	additional equity to fund expansion
November	Bain Capital Europe Fund III, L.P. Bain Capital Fund X, L.P.	Atento	call center operator, Spain	divestment by Telefónica

Mid-market buyout oriented funds returned a gain of USD 26 million during the course of the year. The lion's share stems from Triton II, a leading European mid-market private equity firm, which contributed a gain of USD 6 million. During the year, Triton II completed a number of highly successful realisations such as the sale of Bravida to Bain Capital or the sale of Rütgers to Rain Commodities Limited. Just before year-end, Triton II announced the profitable sale of Dematic from its portfolio.

Large buyout funds performed also positively, adding a gain of USD 20 million during the year. Clayton Dubilier & Rice VII was one of the main performance drivers. The fund successfully sold its investment in Sally Beauty, the largest distributor of professional beauty supplies in the US. In addition, Clayton Dubilier & Rice VII profited from a share price increase of publicly-traded companies in their portfolio such as Hertz, the world's largest general use car rental brand and Rexel, the leading worldwide distributor of electrical parts and suppliers. Valuations of funds in this stage benefitted from their typically higher correlation with public market valuations.

The performance of the venture stage investments of Castle was also positive in 2012 with IRRs of 7 per cent for early stage venture funds, 6 per cent for late stage venture investments.

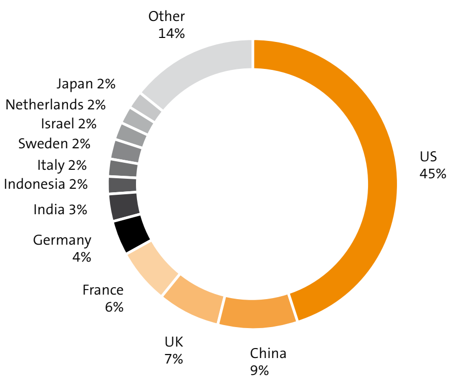
Early stage venture investments (7 per cent of assets) returned a gain of USD 3 million during the past twelve months, reflecting an uptrend within the more volatile sector of technology investments. Battery Ventures VIII contributed a gain of USD 1 million during the course of the year mainly due to favourable market comparables and strong financial performances of a number of portfolio companies. Liquidity was generated through the realisation of their remaining holdings in Angie's List and Skullcandy.

The Late stage venture segment (6 per cent of assets) also had positive their valuation developments. As Castle's portfolio of venture partnerships has become very mature and the surviving companies in those partnerships generally have developed significant businesses, valuations for 2012 tended to surprise on the upside. Key driver in 2012 was Index IV's realisations of Micromet, RPX and Playfish.

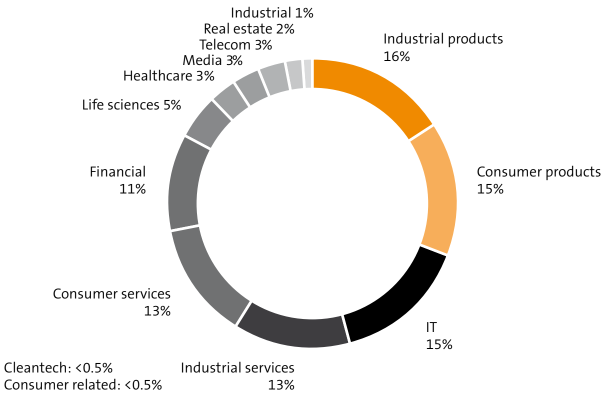
Portfolio review at the company level

Per December 2012

Geographical regions



Industry sectors



Growth capital investments (3 per cent of assets) moved little throughout the year.

Distressed debt investments contributed almost 9 per cent IRR on 12 per cent of the company's assets. Most of the investments in this stage were valued using public debt market pricing.

Finally, **balanced** investments generated an IRR of 8 per cent over the year on an asset base of USD 27 million at year-end. Funds in this stage encompass investments that spread over more than one of the above investment stages. The largest contributor in the balanced stage was Blackstone III, a 1998 fund held through the Chancellor Offshore Partnership Fund, on increasing valuations of their few remaining portfolio companies.

Support from currency movements

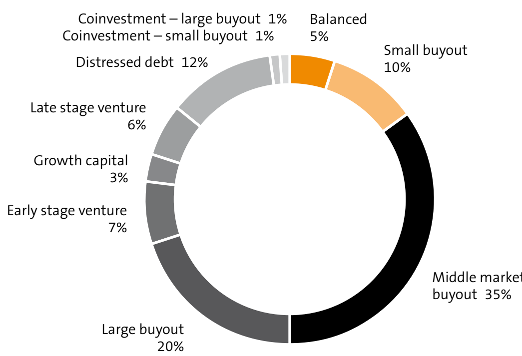
The strengthening of the Euro against the US Dollar supported valuations by USD 2 million in the course of the year.

Valuations typically based on December reports

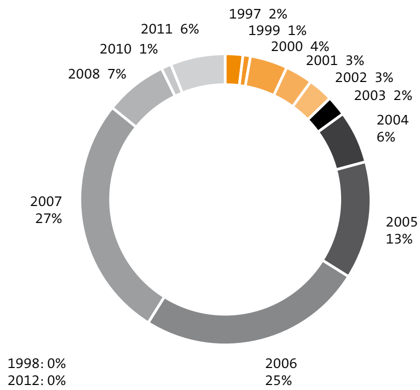
Castle's net asset value at year end generally reflects the valuations taken from the underlying fund's December manager reports. 48 per cent of Castle's private equity asset valuations are based on September 2012 or earlier reported valuations available by the Mid-March cut off date. As in previous upswings, valuations in 2012 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 2013 outlook already priced in public equity market valuations.

Asset allocation (asset value)
Per December 2012

Financing stage



Vintage year



Major underlying company positions in 2012[1)]

Year invested	Partnership	Company	Sector, location
2007	Newbridge Asia IV, L.P.	China Grand Auto	automobile sales and service, China
2008	Newbridge Asia IV, L.P.	Bank Tabungan Pensiunan Nasional	bank, Indonesia
2007	OCM European Principal Opportunities Fund, L.P. OCM Principal Opportunities Fund IV, L.P.	Stock Spirits	beverages, UK
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	supplier of sensors and controls, US
2004	Warburg Pincus International Partners, L.P. Warburg Pincus Private Equity VIII, L.P.	Kosmos Energy	oil exploration and production, US
2006	Bain Capital Fund IX, L.P. Bain Capital Partners Coinvestment Fund IX, L.P.	HCA	Healthcare, US
2011	Bain Capital Fund X, L.P. Bain Capital Skylark Holdings, L.P. Bain Capital X Coinvestment Fund, L.P.	Skylark	restaurant chain, Japan
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. OCM Opportunities Fund VII, L.P. OCM Opportunities Fund VIIb, L.P. OCM Principal Opportunities Fund IV, L.P.	HD Supply	industrial distribution, US
2006	Newbridge Asia IV, L.P.	Shriram	financial services, India
2006	Bain Capital Fund IX, L.P. Bain Capital Fund VIII-E, L.P. Bain Capital Partners Coinvestment Fund IX, L.P. KKR European Fund II, L.P. Silver Lake Partners II, L.P.	NXP	electronics, Netherlands
2008	Benchmark Israel II, L.P.	Conduit	IT, Israel
2007	Columbia Capital Equity Partners IV (Non-US), L.P.	Communications Infrastructure	US
2008	Arsenal Capital Partners QP II-B, L.P.	Charter Brokerage	Insurance, US
2007	Clayton, Dubilier & Rice Fund VII (Co-Investment), L.P. Clayton, Dubilier & Rice Fund VII, L.P.	US Foodservice	logistics, US
2007	Clayton, Dubilier & Rice Fund VII (Co-Investment), L.P. Clayton, Dubilier & Rice Fund VII, L.P.	The ServiceMaster Company	residential and business services, US
2007	CDH China Fund III, L.P. CDH Supplementary Fund III, L.P.	Henan Shuanghui	meat producer, China
2011	CD&R Bounce Co-Investor, L.P.	Spie	technical services, France
2007	J.W. Childs Equity Partners III, L.P.	Mattress Firm	matress retailer, US
2006	OCM European Principal Opportunities Fund, L.P.	Campofrio	meat products, Spain
2006	OCM European Principal Opportunities Fund, L.P.	R&R Ice Cream	ice cream products, UK

1) Based on the latest available financial statements from the underlying private equity partnerships, i.e. 30 June 2012 and 30 September 2012.

Record net cash inflows in 2012

Portfolio cash-flow positive by USD 78 million

For the year 2012, Castle's portfolio recorded a record amount of net cash inflows of USD 78 million versus USD 57 million in 2011.

Mature assets boosts distribution activity

Partnership investments distributed a total of USD 120 million back to Castle during the course of the year. Cash was generated from various exits, including sales and recapitalisations, which were mainly realised by US-oriented portfolio companies, whose exit financing or recapitalisation could rely on more robust credit markets than Europe-based companies. Distress-oriented investors furthermore sold many of their debt-related positions built up during the 2008 – 2009 crisis in a market that – in particular in the second half of the year – was willing to pay solid prices.

As a consequence, the distribution activity by buyout funds accounts for over 55 per cent or USD 73 million of Castle's inflows in 2012. Distributions out of the venture stage of the portfolio amount to USD 18 million for the year, indicating the healthy exit environment (including IPOs) for venture investments in the first half year.

Capital calls of underlying partnerships proved to be still relevant for 2012, with annual drawdowns of USD 70 million. However, the level is moderately lower than the 2011 capital calls of USD 81 million. Approximately 80 per cent of the capital calls was used to finance buyout transactions, a reflection of the composition of uncalled capital. The remainder of capital calls went predominantly into venture capital funds, with a small amount earmarked for special situation funds.

USD 25 million used for share buybacks

On top of the capital calls, USD 25 million was used by the company to buy back its own shares for cancellation. These shares have been deducted from net asset value.

Broadly diversified portfolio

The geographic split of the company's portfolio per year-end was as follows: 35 per cent of private equity assets were located in the US, followed by European assets at 45 per cent and the remaining 20 per cent from the rest of the world (predominantly Asia).

Uncalled capital reduced to USD 122 million or 18 per cent of NAV

As reported previously, Castle terminated its investment activity with the adoption of the harvesting strategy in April 2012. Over the following months, Castle focused on the management of its liquidity and aimed to further reduce unfunded commitments in relation to NAV. As a result, the amount of uncalled capital – commitments that underlying funds can still call for new investments – was reduced by USD 38 million to USD 122 million or 18 per cent of total net assets. Roughly 13 per cent or USD 18 million of outstanding commitments stems from partnerships which have reached their liquidation phase and therefore should not call any further funds. Over 40 per cent or USD 50 million of uncalled capital can be attributed to funds that were launched in 2006 or earlier. No significant 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 54 million) stems from 2007 and younger funds.

Portfolio allows material harvesting towards 2017

Significant additional returns possible

A natural harvesting of the portfolio in the next few years should generate significant additional returns.

Profit growth by underlying companies should be the key driver in the years that the harvesting of Castle's portfolio will take. Even in a stagnating industry or economy, significant value can be generated by the leaner, more efficient, strategically better positioned or more flexibly financed companies in a sector or country. With the foundation for structural improvements initiated in the past years, the resulting valuation changes will show gradually as a result of improving profitability or more efficient use of capital.

A higher level of realisations drives up the portfolio net asset value, as experienced in 2012. To the extent that a stabilisation of the European banking sector facilitates the recovery of its debt markets, the beginning of 2013 offers hopeful indications that the European part of the portfolio may generate higher returns going forward.

Downward pressure on the portfolio may result from the mid-term effects of quantitative easing. Either its continued presence and the probable inflation it might trigger, or the withdrawal of liquidity from financial markets over time may well lead to lower valuation levels over time. Currently there are no indications however, that any of these scenarios is imminent.

Secondary market sales will be assessed periodically

Portfolio management includes an on-going assessment of the prices for fund positions achievable in the secondary market, relative to the expected future value based on anticipated distributions. Given the quality of the portfolio and the depressed pricing levels in secondary fund markets by the end of 2012 (trading on average at a 20 per cent discount, according to placement agent Cogent), significantly more upside results from longer-term harvesting than from a short-term sale of assets. The investment manager will nevertheless monitor secondary markets in regular intervals to assess whether a sale of assets may be more lucrative for shareholders than waiting for realisations.

Increasing cash generation

Meanwhile, the portfolio can be expected to become increasingly 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

Roberto Paganoni **Hans Markvoort**

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 18 to 63), for the year ended 31 December 2012.

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 2012 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 20e) of the consolidated financial statements. As indicated in note 12, the financial statements include unquoted investments stated at their fair value of USD 650 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 20e) 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	**Rebecca Berlinger**
Audit expert	Audit expert
Auditor in charge	

Zurich, 26 March 2013

Consolidated statement of comprehensive income

For the year ended 31 December 2012 (all amounts in USD thousands unless otherwise stated)

	Note	2012	2011
Income from non-current assets			
Net gain on investments designated at fair value through profit or loss	12	81,206	55,819
Net gain/(loss) on derivative financial instruments designated at fair value through profit or loss	12	107	(117)
Total gains from non-current assets		**81,313**	**55,702**
Income from current assets:			
Net loss on securities designated at fair value through profit or loss	12	(149)	(94)
Loss on foreign exchange, net		(53)	(85)
Interest income	5	6	15
Other income		163	1
Total losses from current assets		**(33)**	**(163)**
Total income		**81,280**	**55,539**
Expenses			
Management and performance fees	6	(16,116)	(13,525)
Expenses from investments		(3,675)	(4,739)
Other operating expenses	7	(2,018)	(1,922)
Total operating expenses		**(21,809)**	**(20,186)**
Operating profit		**59,471**	**35,353**
Finance costs	8	(31)	(401)
Profit for the year before taxes		**59,440**	**34,952**
Taxes	9	(840)	1,230
Profit for the year after taxes		**58,600**	**36,182**
Total comprehensive income for the year		**58,600**	**36,182**
Profit attributable to:			
Shareholders		58,600	36,182
Non-controlling interests		—	—
Total profit attributable		**58,600**	**36,182**
Total comprehensive income attributable to:			
Shareholders		58,600	36,182
Non-controlling interests		—	—
Total comprehensive income attributable		**58,600**	**36,182**
Earnings per share (USD) attributable to equity holders	2 (p)		
Weighted average number of shares outstanding during the year		40,041,089	42,537,831
Basic profit per share		USD 1.46	USD 0.85
Diluted profit per share		USD 1.46	USD 0.85

The accompanying notes on pages 22 to 63 form an integral part of these consolidated financial statements.

Consolidated balance sheet

As of 31 December 2012 (all amounts in USD thousands unless otherwise stated)

	Note	2012	2011
Assets			
Current assets:			
Cash and cash equivalents	10	42,877	7,919
Other current assets	11	2,157	126
Total current assets		**45,034**	**8,045**
Non-current assets:			
Investments designated at fair value through profit or loss	12	649,445	652,362
Derivative financial instruments designated at fair value through profit or loss	12	328	221
Total non-current assets		**649,773**	**652,583**
Total assets		**694,807**	**660,628**
Liabilities			
Current liabilities:			
Due to banks	13	—	2,000
Accounts payable and accrued liabilities	14	9,451	4,843
Total current liabilities		**9,451**	**6,843**
Equity			
Shareholders' equity:			
Share capital	15	138,648	146,966
Additional paid-in capital		171,296	171,296
Less treasury shares at cost	15	(4,856)	(4,856)
Less treasury shares 2nd line at cost (bought for cancellation)	15	(23,147)	(11,230)
Retained earnings		403,414	351,608
Total shareholders' equity before non-controlling interests		**685,355**	**653,784**
Non-controlling interests		**1**	**1**
Total equity		**685,356**	**653,785**
Total liabilities and equity		**694,807**	**660,628**
Net asset value per share (USD):	2 (p)		
Number of shares issued as at year end		41,700,000	43,200,000
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	(1,726,575)	(1,150,175)
Number of shares outstanding net of treasury shares as at year end		39,397,540	41,473,940
Net asset value per share		**17.40**	**15.76**

The accompanying notes on pages 22 to 63 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2012 (all amounts in USD thousands unless otherwise stated)

	Note	2012	2011
Cash flows from/(used in) operating activities:			
Purchase of investments		(47,869)	(76,830)
Purchase of securities		(3,864)	—
Proceeds from callable return of invested capital in investments		9,181	8,215
Proceeds from return of invested capital in investments		61,343	70,510
Proceeds from realised gains on investments		60,915	54,439
Proceeds from sales of securities		3,721	4,036
Interest received	5	6	15
Proceeds from other realised income		27	1
Investment expenses paid		(3,123)	(4,001)
Withholding tax for investments	9	(1,907)	1,230
Other operating expenses paid		(14,917)	(15,088)
Capital tax paid	9	(26)	(29)
Net cash flows from operating activities		**63,487**	**42,498**
Cash flows from/(used in) financing activities:			
Finance costs		(120)	(819)
Proceeds from bank borrowings	13	52,200	2,000
Repayments of bank borrowings		(54,200)	(38,500)
Purchase of treasury shares	15	—	(3,518)
Realised foreign exchange loss on treasury shares		—	(63)
Purchase of treasury shares 2nd line (bought for cancellation)	15	(26,340)	(10,508)
Net cash flows used in financing activities		**(28,460)**	**(51,408)**
Net increase/(decrease) in cash and cash equivalents		**35,027**	**(8,910)**
Cash and cash equivalents at beginning of year	10	**7,919**	**16,935**[1)]
Exchange loss on cash and cash equivalents		(69)	(106)
Cash and cash equivalents at end of year		**42,877**	**7,919**
Cash and cash equivalents consist of the following as at 31 December:			
Cash at banks		16,877	3,419
Time deposits < 90 days		26,000	4,500
Total		**42,877**	**7,919**

1) Adjusted by TUSD 1,423 due to the deconsolidation of the Chancellor Fund.

The accompanying notes on pages 22 to 63 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended 31 December 2012 (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 2011	**146,966**	**171,296**	**(1,338)**	**315,489**	**52**	**632,465**
Total comprehensive income for the year	—	—	—	36,182	—	36,182
Purchase of treasury shares	—	—	(3,518)	—	—	(3,518)
Realised foreign exchange loss on treasury shares	—	—	—	(63)	—	(63)
Purchase of treasury shares 2nd line (bought for cancellation)	—	—	(11,230)	—	—	(11,230)
Non-controlling interests capital transactions, net	—	—	—	—	(51)	(51)
31 December 2011	**146,966**	**171,296**	**(16,086)**	**351,608**	**1**	**653,785**
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)	—	—
31 December 2012	**138,648**	**171,296**	**(28,003)**	**403,414**	**1**	**685,356**

The accompanying notes on pages 22 to 63 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

For the year end 31 December 2012
(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 make the "Group". Due to the early adoption of IFRS 10 "Consolidated Financial Statements" Chancellor Offshore Partnership Fund, L.P. (the "Chancellor Fund") is no longer consolidated since 1 January 2011. See also note 2e).

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 683,220 per 31 December 2012 (per 31 December 2011: TUSD 659,300). It is a subsidiary of Castle Private Equity (Overseas) Ltd. The share capital is divided into management shares and 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 (formerly the Irish Financial Services Regulatory Authority) pursuant to the provisions of Part XIII of the Companies Act, 1990. The Group consolidates the Ireland Subsidiary in compliance with IFRS 10.

Former subsidiaries

Chancellor Offshore Partnership Fund, L.P. is a limited partnership formed pursuant to and in accordance with the Cayman Islands Exempted Limited Partnership Law. The Chancellor Fund was formed on 28 April 1997 and commenced operations on 29 April 1997. It is managed by Invesco Private Capital, Inc. and other entities that were, at the time of establishment of the Chancellor Fund, part of the LGT Group and are now affiliates of Amvescap plc, an international money management firm. Castle Private Equity (International) plc holds 99.8 per cent of the Chancellor Fund. Up until 1 January 2011 the Group consolidated the Chancellor Fund in compliance with SIC 12. Due to the early adoption of IFRS 10 "Consolidated Financial Statements" the Group came to the conclusion that, under IFRS 10, the prerequisites for control no longer applied to the Chancellor Fund as the Group does not have the ability to affect the returns from this Fund through its power over it. This led to the deconsolidation of the Chancellor Fund as of 1 January 2011. However, as the Group has an ownership interest of more than 20 per cent, it has elected to measure its investment in the Chancellor Fund as an associate in investments designated at fair value through profit and loss in accordance with IAS 39.

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 objective of the Group is to maximise value for shareholders. 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.

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 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 2012 and 31 December 2011 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 2012 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 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.

a) Standards and amendments to published standards that are mandatory for the financial year beginning on or after 1 January 2012

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group.

b) Standards and amendments to published standards effective after 1 January 2012 that have been early adopted

– 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; and
– 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.

c) Standards and amendments to published standards effective after 1 January 2012 that have not been early adopted

– Amendment to IAS 1, "Financial statement presentation" regarding other comprehensive income (effective 1 July 2012). The main change resulting from these amendments is a requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendments do not address which items are presented in OCI. This new standard will not have any effect on the Group's financial statements;
– IFRS 13, "Fair value measurement", (effective 1 January 2013). This standard aims to improve consistency and reduce 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, which are largely aligned between IFRSs and US GAAP, 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 IFRSs or US GAAP. This new standard is 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 IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

d) Uses 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 judgements 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 i) iii).

e) 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 (IFRS) issued by the International Accounting Standards Board (IASB).

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
– Castle Private Equity (International) plc, Ireland

In May 2011 the IASB issued IFRS 10, "Consolidated financial statements", which replaced all of the guidance on control and consolidation in IAS 27, "Consolidated and separate financial statements", and SIC-12, "Consolidation – special purpose entities". As mentioned in note 2 b) the Group has chosen to adopt IFRS 10 early. The revised definition of control focuses on the need to have both power and variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. In light of the new definition of control, the Group reassessed its ability to direct the activities that significantly influence returns for each of the Subsidiaries and came to the conclusion that the prerequisites for control no longer applied to the Chancellor Fund as the Group does not have the ability to affect the returns from this subsidiary through its power over it. Although the Ireland Subsidiary holds 99.8 per cent of the Chancellor Fund in its function as limited partner, it does not have the ability to affect the returns or, in general, exercise significant influence over the Chancellor Fund by way of the rights and obligations given to it as limited partner. This led to the deconsolidation of the Chancellor Fund as of 1 January 2011. The change in presentation has had no impact on the net asset value of the Group. The Ireland and Overseas Subsidiaries continue to be consolidated as they fulfil the new prerequisites.

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.

f) 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). Since 31 December 2011 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 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.

As of 31 December 2011	Chancellor Private Capital Offshore Partners II, L.P. – in liquidation[1] TUSD	Chancellor Offshore Partnership Fund, L.P.[2] TUSD
Total assets	229	20,412
Total liabilities	(198)	(89)
Revenue	—	21,226
Profit	—	7,107

[1] The numbers are based on the audited report as of December 2010.
[2] The September 2011 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.

g) 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.

h) 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.

i) 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 values of directly held quoted investments are generally determined by reference to their quoted market prices, defined as the “bid” price for financial assets and the “ask” price for financial liabilities on the principal securities exchange or market on which such investments are traded as of the close of business on the valuation date, or, in the absence thereof, the last available price quotation from such exchange or market. 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 (51.5 per cent of private equity assets as of 8 March 2013). 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.

j) 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 Group or their delegate are entitled to use other generally recognised valuation methods in order to reach a proper valuation of that specific instrument.

k) 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.

l) 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.

m) 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.

n) 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.

o) Share capital

The Company's share capital is divided into 41,700,000 (31 December 2011: 43,200,000) registered shares with a par value of CHF 5 per share. The shares are fully paid in.

p) 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.

q) 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.

r) 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.

s) 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 i) iii). The investment manager and the board of directors use their judgement 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:

	2012 TUSD	2011 TUSD
Fair value of investments designated at fair value through profit or loss whose valuations were adjusted	1,727	1,681
% of total fair value of investments designated at fair value through profit or loss	**0.27%**	**0.26%**

If the valuation adjustments had not been made, shareholders' equity would have increased to TUSD 686,408 (31 December 2011: TUSD 655,621).

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	2012 USD	2011 USD
Year-end rates			
Swiss Francs	1 CHF	1.093195	1.068890
British Pound	1 GBP	1.624800	1.554650
Euro	1 EUR	1.319250	1.298800

Foreign exchange rates	Unit	2012 USD	2011 USD
Average annual rates			
Swiss Francs	1 CHF	1.072152	1.130356
British Pound	1 GBP	1.589561	1.605267
Euro	1 EUR	1.291634	1.393908

5 Interest income

Interest income for the year was earned on:

Interest income	2012 TUSD	2011 TUSD
Interest income from deposit at related party	2	–
Interest income from deposit at third party	4	15
Total	**6**	**15**

6 Management and performance fees

Management and performance fees are composed as follows:

Management and performance fees	2012 TUSD	2011 TUSD
Management fee – related party	10,251	13,525
Performance fee – related party	5,865	–
Total	**16,116**	**13,525**

7 Other operating expenses

Other operating expenses are composed as follows:

Other operating expenses	2012 TUSD	2011 TUSD
Related party fees:		
Credit facility standby fees	280	304
Administrative fees	407	402
Directors' fees and expenses	358	228
Domicile fees	10	10
Third party fees:		
Custody fees	208	209
Annual and quarterly reports	84	160
Legal fees	97	53
Tax advisory fees	64	123
Audit fees	174	182
Project expenses	100	3
Capital taxes	27	30
Other expenses	209	219
Total	**2,018**	**1,922**

8 Finance costs

Interest expense for the year was paid on:

Finance costs	2012 TUSD	2011 TUSD
Due to banks – related party	25	401
Due to banks – third party	6	—
Total	**31**	**401**

9 Taxes

Reconciliation of income tax calculated with the applicable tax rate:

Income tax reconciliation	**2012 TUSD**	**2011 TUSD**
Profit for the year before income tax	59,440	34,952
Applicable tax rate	7.8%	7.8%
Income tax	4,650	2,726
Effect from: non-taxable income	(4,636)	(2,726)
Total	14	–

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

Taxes	**2012 TUSD**	**2011 TUSD**
Withholding tax for investments	826	(1,230)
Income tax	14	–
Total	**840**	**(1,230)**

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.

The 2011 withholding tax includes an amount of TUSD 2,004 that was restituted in 2011.

10 Cash and cash equivalents

Cash and cash equivalents consist of:

Cash and cash equivalents	**2012 TUSD**	**2011 TUSD**
Cash at banks		
Related party	165	191
Third party	16,712	3,228
Time deposit		
Related party	8,000	600
Third party	18,000	3,900
Total	**42,877**	**7,919**

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 20 and the investments movement schedule on pages 42 and 43.

	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 42)	**35,145**	**(58,000)**	**(61,269)**	**3,864**	**(3,864)**
Cashflows 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	—	—	—	—	—

	Investments			Marketable securities	
1 January 2011 – 31 December 2011	**Additions (capital calls)**	**Disposals (returns of capital)**	**Realised gains and losses**	**Additions (capital calls)**	**Disposals (returns of capital) and realised losses**
Movement schedule (page 43)	**74,702**	**(84,418)**	**(49,732)**	**4,129**	**(4,035)**
Cash flows from investment activities	—	70,510	54,439	—	4,035
Purchase of investments	(76,830)	—	—	—	—
Proceeds from callable return of invested capital in investments	8,215	—	—	—	—
Non cash transactions					
Deemed distributions and account reclassification[1]	(6,087)	17,239	(379)	—	—
In kind distributions[2]	—	—	—	(4,129)	—
Revaluation of foreign currency positions[3]	—	(2,082)	2,082	—	—
Accounts receivable	—	(1,249)	(6,410)	—	—
Total cash and non cash transactions	**(74,702)**	**84,418**	**49,732**	**(4,129)**	**4,035**
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	2012 TUSD	2011 TUSD
Receivable from investments	1,227	109
Other receivables	930	17
Total	**2,157**	**126**

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

As of 31 December 2012 the Group had subscribed interests in 119 (31 December 2011: 120) 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 1,403,307 (31 December 2011: TUSD 1,404,968) of which TUSD 1,280,882 (31 December 2011: TUSD 1,244,578) was paid in. The details of the investments are shown in the investment table on pages 37 to 43.

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.
- Chancellor Offshore Partnership Fund, L.P.

The board of directors, together with the investment manager, has reviewed the valuation of the underlying private equity investments per 31 December 2012.

Investments and securities designated at fair value through profit or loss

As of 31 December 2012 (All amounts in USD thousands unless otherwise stated)

	Deal currency	Vintage year	Geography	Commitment 31.12.2011	Cost 1.1.2011	Cost 31.12.2011	Fair value 31.12.2011	Commitment 31.12.2012	Cost 31.12.2012	Fair value 31.12.2012	FMV in %
Balanced stage											
Chancellor Offshore Partnership Fund, L.P.[8]	USD	1997	North America	235,000	29,941	—	10,100	235,000	—	7,006	1.08%
Chancellor Partnership Fund, L.P.	USD	1997	North America	14,518	—	—	729	14,518	—	524	0.08%
Landmark Equity Partners III, L.P. (Secondary – Vinegar)[2),5)]	USD	1998	North America	12,171	—	—	266	12,171	—	155	0.02%
Crown Global Secondaries plc	USD	2004	North America	30,000	16,413	13,158	14,752	30,000	11,511	13,785	2.12%
Conversus Capital, L.P.	USD	2007	North America	15,000	6,729	6,729	5,276	15,000	6,729	5,426	0.84%
Total balanced stage				**306,689**	**53,083**	**19,887**	**31,123**	**306,689**	**18,240**	**26,896**	**4.14%**
Buyout stage											
Large buyout											
Doughty Hanson & Co III, L.P. 15	USD	1997	Europe	10,000	2,003	2,003	1,081	10,000	2,292	1,262	0.19%
Clayton, Dubilier & Rice Fund VI, L.P.	USD	1998	North America	10,000	4,823	4,823	2,426	10,000	4,427	2,139	0.33%
Silver Lake Partners, L.P.	USD	1999	North America	5,000	1,134	1,087	6	5,000	1,087	6	0.00%
BC European Capital VII[3]	EUR	2000	Europe	12,988	3,763	2,340	1,150	13,193	2,177	280	0.04%
Permira Europe II, L.P. II[3]	EUR	2000	Europe	12,988	2,823	2,823	948	13,193	2,576	457	0.07%
T3 Parallel, L.P.	USD	2000	North America	3,740	—	—	8	3,740	—	10	0.00%
TPG Parallel III, L.P.	USD	2000	North America	5,000	1,541	1,491	724	5,000	1,469	653	0.10%
T3 Parallel II, L.P.	USD	2001	North America	5,000	1,521	1,520	718	5,000	1,520	655	0.10%
Warburg Pincus Private Equity VIII, L.P.	USD	2001	North America	15,000	5,604	4,226	15,309	15,000	2,816	12,568	1.93%
Permira Europe III, L.P. II[3]	EUR	2003	Europe	12,988	6,979	6,972	5,051	13,193	6,290	4,011	0.62%
TPG Partners IV, L.P.	USD	2003	North America	15,000	11,461	10,693	9,814	15,000	9,673	8,263	1.27%
Silver Lake Partners II, L.P.	USD	2004	North America	10,000	6,990	5,762	5,635	10,000	5,665	5,441	0.84%
Silver Lake Partners, L.P. (Secondary – Silver)[5]	USD	2004	North America	628	184	178	1	628	178	1	0.00%
Clayton, Dubilier & Rice Fund VII, L.P.	USD	2005	North America	15,000	12,753	11,362	16,307	15,000	10,077	13,338	2.05%
Greenhill Capital Partners II, L.P.	USD	2005	North America	10,000	6,522	6,539	5,336	10,000	5,439	5,423	0.83%
KKR European Fund II, L.P.[3]	EUR	2005	Europe	12,988	12,611	11,762	8,448	13,193	11,117	10,744	1.65%
First Reserve XI, L.P.	USD	2006	North America	15,000	10,787	9,466	8,677	15,000	12,247	12,553	1.93%
Permira IV, L.P. 2[3]	EUR	2006	Europe	13,637	12,230	10,304	6,145	13,852	10,657	6,996	1.08%
TPG Partners V, L.P.	USD	2006	North America	30,000	24,619	24,652	17,592	30,000	23,711	18,449	2.84%
Clayton, Dubilier & Rice Fund VII (Co-Investment), L.P.	USD	2007	North America	3,000	2,509	2,507	2,342	3,000	2,735	2,862	0.44%
Bain Capital Fund X, L.P.	USD	2008	North America	12,000	5,327	7,866	7,275	12,000	9,757	9,423	1.45%
Bain Capital X Coinvestment Fund, L.P.	USD	2008	North America	1,500	207	364	284	1,500	364	286	0.04%
TPG Partners VI, L.P.	USD	2008	North America	18,000	5,800	9,871	10,096	18,000	10,555	12,002	1.85%
Total large buyout				**249,457**	**142,191**	**138,611**	**125,373**	**250,492**	**136,829**	**127,822**	**19.67%**
Middle market buyout											
Carlyle II Co-Investments[6]	USD	1997	North America	395	113	108	15	395	108	15	0.00%
Carlyle International Partners II, L.P.	USD	1997	North America	3,000	182	73	257	3,000	73	34	0.01%
3i Europartners IIIA, L.P.[3]	EUR	1999	Europe	12,988	1,825	1,781	508	13,193	1,461	166	0.03%
The Triton Fund (No. 9) L.P.[3]	EUR	1999	Europe	11,289	2,160	2,154	3,843	11,467	1,221	1,807	0.28%
Newbridge Asia III, L.P.	USD	2000	Other	10,000	1,224	1,225	70	10,000	1,225	77	0.01%

	Deal currency	Vintage year	Geography	Commitment 31.12.2011	Cost 1.1.2011	Cost 31.12.2011	Fair value 31.12.2011	Commitment 31.12.2012	Cost 31.12.2012	Fair value 31.12.2012	FMV in %
Warburg Pincus International Partners, L.P.	USD	2000	Europe	10,000	4,250	2,471	8,124	10,000	1,679	6,782	1.04%
Bain Capital Fund VII-E, L.P.	USD	2002	Europe	8,000	1,991	1,856	1,487	8,000	1,642	975	0.15%
J.W. Childs Equity Partners III, L.P.	USD	2002	North America	12,000	5,453	5,289	6,856	12,000	4,660	6,542	1.01%
Bain Capital Fund VIII-E, L.P.[3)]	EUR	2004	Europe	12,988	10,598	9,224	9,400	13,193	8,327	8,352	1.29%
Odyssey Investment Partners III, L.P.	USD	2004	North America	10,000	4,798	3,764	5,370	10,000	3,784	6,168	0.95%
Asia Opportunity Fund II, L.P.	USD	2005	Other	7,000	5,788	4,736	5,315	7,000	3,434	4,416	0.68%
Newbridge Asia IV, L.P.	USD	2005	Other	10,000	6,990	7,183	11,674	10,000	6,904	13,933	2.14%
Asia Opportunity Fund II, L.P.	USD	2005	Other	7,000	6,144	4,652	12,722	7,000	3,925	8,868	1.36%
Chequers XV, FCPR[3)]	EUR	2006	Europe	10,390	7,625	8,492	10,039	10,554	8,240	9,671	1.49%
Court Square Capital Partners II, L.P.	USD	2006	North America	15,000	8,906	9,210	12,586	15,000	11,127	14,900	2.29%
Polish Enterprise Fund VI, L.P.[3)]	EUR	2006	Europe	12,988	8,544	9,410	8,049	13,193	9,895	8,220	1.27%
The Triton Fund II, L.P.[3)]	EUR	2006	Europe	15,586	10,275	11,380	15,563	15,831	11,327	14,158	2.18%
Wellspring Capital Partners IV, L.P.	USD	2006	North America	10,000	7,902	8,711	9,892	10,000	5,951	7,923	1.22%
Advent Latin American Private Equity Fund IV, L.P.	USD	2007	Other	10,000	7,053	8,269	8,434	10,000	8,688	9,319	1.43%
CDH China Fund III, L.P.	USD	2007	Other	9,000	6,321	6,378	9,500	9,000	5,415	9,270	1.43%
CDH Supplementary Fund III, L.P.	USD	2007	Other	3,000	1,422	1,435	2,682	3,000	1,757	2,684	0.41%
Crown Asia-Pacific Private Equity plc	USD	2007	Other	40,000	21,939	26,393	32,573	40,000	27,689	34,985	5.38%
EOS Capital Partners IV, L.P.	USD	2007	North America	15,000	2,368	4,159	5,279	15,000	7,589	9,257	1.42%
Genstar Capital Partners V, L.P.	USD	2007	North America	10,000	6,749	8,260	10,630	10,000	7,356	9,132	1.41%
SAIF Partners III, L.P.	USD	2007	Other	10,000	9,712	9,650	14,864	10,000	9,650	14,174	2.18%
STG III, L.P.	USD	2007	North America	9,450	4,643	6,982	7,075	9,450	7,994	9,040	1.39%
Bain Capital Europe Fund III, L.P.[3)]	EUR	2008	Europe	12,988	4,125	5,842	5,550	13,193	7,838	8,131	1.25%
Hahn & Company I, L.P.	USD	2011	Other	10,000	—	1,138	993	10,000	5,375	5,916	0.91%
Bain Capital Asia Fund II, L.P.	USD	2012	Other	10,000	—	—	—	10,000	1,775	1,775	0.27%
Total middle market buyout				**318,062**	**159,100**	**170,225**	**219,350**	**319,469**	**176,109**	**226,690**	**34.89%**
Small buyout											
3i Europartners II, L.P.[3)]	EUR	1997	Europe	—	2,174	—	—	—	—	—	0.00%
Chequers Capital FCPR[3)]	EUR	2002	Europe	11,040	5,144	5,144	5,576	11,214	4,888	5,308	0.82%
MBO Capital FCPR[3)]	EUR	2002	Europe	6,494	694	—	2,992	6,596	—	1,724	0.27%
Nmas1 Private Equity Fund No.2 L.P.[3)]	EUR	2002	Europe	6,494	3,777	3,131	767	6,596	1,401	282	0.04%
Arsenal Capital Partners QP II-B, L.P.	USD	2006	North America	13,000	9,431	10,137	14,946	13,000	8,692	16,244	2.50%
Bancroft II, L.P. (Secondary – Atlantic)[3),5)]	EUR	2006	Europe	4,903	2,060	1,479	6,017	4,980	1,373	5,667	0.87%
J.P. Morgan Italian Fund III (Secondary – Atlantic)[3),5)]	EUR	2006	Europe	9,683	6,838	6,564	1,681	9,835	6,183	1,727	0.27%
Wynnchurch Capital Partners II, L.P.	USD	2006	North America	7,500	4,925	4,991	5,210	7,500	4,602	4,407	0.68%
Crown European Buyout Opportunities II plc[3)]	EUR	2007	Europe	38,964	15,903	16,840	18,234	39,578	18,542	21,293	3.28%
PortPEP Limited (Secondary – Port)	EUR	2011	Europe	14,027	—	9,980	10,978	14,248	8,165	11,379	1.75%
Total small buyout				**112,105**	**50,946**	**58,266**	**66,401**	**113,547**	**53,846**	**68,031**	**10.47%**
Total buyout stage				**679,624**	**352,237**	**367,102**	**411,124**	**683,508**	**366,784**	**422,543**	**65.03%**

	Deal currency	Vintage year	Geography	Commitment 31.12.2011	Cost 1.1.2011	Cost 31.12.2011	Fair value 31.12.2011	Commitment 31.12.2012	Cost 31.12.2012	Fair value 31.12.2012	FMV in %
Special situations stage											
Distressed debt											
OCM Opportunities Fund IV, L.P.	USD	2001	North America	5,000	—	—	16	5,000	—	16	0.00%
OCM Principal Opportunities Fund II, L.P.	USD	2001	North America	5,000	—	—	1,128	5,000	—	108	0.02%
OCM Opportunities Fund IVb, L.P.	USD	2002	North America	5,000	—	—	1	5,000	—	11	0.00%
Sun Capital Securities Offshore Fund, Ltd.	USD	2004	North America	10,000	7,384	6,432	3,794	10,000	6,159	2,754	0.42%
OCM European Principal Opportunities Fund, L.P.	USD	2006	Europe	15,000	12,435	11,526	19,849	15,000	9,253	17,728	2.73%
OCM Principal Opportunities Fund IV, L.P.	USD	2006	North America	10,000	8,699	8,200	9,780	10,000	5,109	8,196	1.26%
Sun Capital Securities Offshore Fund, Ltd. (Second Tranche)	USD	2006	North America	10,000	8,746	3,478	2,481	10,000	3,263	2,807	0.43%
Fortress Investment Fund V (Coinvestment Fund D), L.P.	USD	2007	North America	7,200	6,426	6,722	3,911	7,200	6,722	4,226	0.65%
Fortress Investment Fund V (Fund D), L.P.	USD	2007	North America	7,500	6,475	6,725	6,299	7,500	6,725	6,694	1.03%
OCM Opportunities Fund VII, L.P.	USD	2007	North America	10,000	7,000	4,444	7,071	10,000	571	4,029	0.62%
TPG Credit Strategies Fund, L.P.	USD	2007	North America	15,000	15,000	15,000	17,330	15,000	12,838	17,062	2.63%
Oaktree European Credit Opportunities Fund, L.P.[3]	EUR	2008	Europe	12,988	10,046	4,764	490	13,193	4,764	307	0.05%
OCM European Principal Opportunities Fund II, L.P.[3]	EUR	2008	Europe	9,741	6,250	7,812	9,055	9,894	8,545	10,137	1.56%
OCM Opportunities Fund VIIb, L.P.	USD	2008	North America	13,500	13,500	4,253	11,645	13,500	—	5,954	0.92%
Total distressed debt				**135,929**	**101,961**	**79,356**	**92,850**	**136,287**	**63,949**	**80,029**	**12.32%**
Total Special situations stage				**135,929**	**101,961**	**79,356**	**92,850**	**136,287**	**63,949**	**80,029**	**12.32%**
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	8,899	120	—	567	9,040	—	357	0.05%
Galileo II FCPR[3]	EUR	1998	Europe	7,920	—	—	7	8,045	—	5	0.00%
Invesco Venture Partnership Fund II, L.P.	USD	1999	North America	15,000	3,712	2,781	2,482	15,000	2,455	2,067	0.32%
Balderton Capital I, L.P.	USD	2000	Europe	5,333	4,727	3,951	2,608	5,333	3,877	2,676	0.41%
Chancellor V, L.P.	USD	2000	North America	20,000	13,265	6,727	4,353	20,000	6,284	4,339	0.67%
Galileo III FCPR[3]	EUR	2000	Europe	8,206	5,447	5,447	4,740	8,335	3,272	2,649	0.41%
Jerusalem Venture Partners IV, L.P.	USD	2000	Other	8,000	6,354	1,510	2,831	8,000	1,510	2,748	0.42%
Kiwi II Ventura – Servicios de consultoria S.A.[3]	EUR	2000	Europe	—	3,508	—	—	—	—	—	0.00%
Galileo IIB FCPR[3]	EUR	2002	Europe	1,247	121	114	4	1,265	114	2	0.00%
Global Life Science Venture Fund II, L.P.[3]	EUR	2002	Europe	6,494	4,342	4,691	2,413	6,596	4,122	2,197	0.34%
Amadeus II Fund C GmbH & Co. KG (Secondary – Vermont)[4),5)]	GBP	2005	Europe	1,223	1,367	1,150	914	1,278	969	846	0.13%
Balderton Capital II, L.P.	USD	2005	Europe	4,000	3,739	3,739	869	4,000	3,639	698	0.11%
Battery Ventures VII, L.P.	USD	2005	North America	3,000	2,427	2,398	1,921	3,000	1,698	1,384	0.21%
BCPI I, L.P. (Secondary – Vermont)[5]	USD	2005	Other	1,833	1,657	1,583	638	1,833	1,583	623	0.10%
Benchmark Israel II, L.P.	USD	2005	Other	4,602	3,714	3,651	6,437	4,602	1,973	5,083	0.78%
Cipio Partners Fund III GmbH & Co. KG (Secondary – Vermont)[3),5)]	EUR	2005	Europe	12,375	5,388	4,325	105	12,568	4,212	—	0.00%

	Deal currency	Vintage year	Geography	Commitment 31.12.2011	Cost 1.1.2011	Cost 31.12.2011	Fair value 31.12.2011	Commitment 31.12.2012	Cost 31.12.2012	Fair value 31.12.2012	FMV in %
H.I.G. Venture Partners II, L.P.	USD	2005	North America	5,000	4,123	4,098	4,119	5,000	4,323	3,691	0.57%
Jerusalem Venture Partners IV, L.P. (Secondary – Vermont)[5)]	USD	2005	Other	662	439	—	383	662	—	371	0.06%
Battery Ventures VIII, L.P.	USD	2007	North America	4,000	3,165	3,642	4,662	4,000	2,875	3,859	0.59%
Battery Ventures VIII Side Fund, L.P.	USD	2008	North America	1,350	876	1,065	1,649	1,350	702	1,091	0.17%
Carmel Ventures III, L.P.	USD	2008	Other	6,000	1,980	3,180	3,995	6,000	3,792	4,571	0.70%
Mangrove III S.C.A. SICAR[3)]	EUR	2008	Europe	6,494	2,491	4,033	4,124	6,595	4,318	4,736	0.73%
Total early stage venture				**156,638**	**72,962**	**58,085**	**49,821**	**157,502**	**51,718**	**43,993**	**6.77%**
Growth capital											
Kennet III A, L.P.[3)]	EUR	2007	Europe	10,390	4,280	6,575	7,951	10,554	7,946	13,198	2.03%
Summit Partners Europe Private Equity Fund, L.P.[3)]	EUR	2009	Europe	9,092	1,890	2,488	2,570	9,235	4,222	4,412	0.68%
Total growth capital				**19,482**	**6,170**	**9,063**	**10,521**	**19,789**	**12,168**	**17,610**	**2.71%**
Late stage venture											
WCAS Capital Partners III, L.P.	USD	1997	North America	15,000	2,254	2,195	1,923	15,000	1,983	1,551	0.24%
Index Ventures I (Jersey), L.P.	USD	1999	Europe	7,500	738	502	267	—	—	—	0.00%
TCV III (Q), L.P.	USD	1999	North America	3,500	556	556	75	3,500	556	74	0.01%
TCV IV, L.P.	USD	1999	North America	7,000	4,629	3,262	454	7,000	3,074	274	0.04%
Columbia Capital Equity Partners III (Cayman), L.P.	USD	2000	North America	5,000	2,876	2,494	1,524	5,000	2,260	1,352	0.21%
MPM BioVentures II-QP, L.P.	USD	2000	North America	5,000	3,791	3,701	916	5,000	3,700	1,211	0.19%
New Enterprise Associates 10, L.P.	USD	2000	North America	10,000	7,908	7,790	3,674	10,000	7,405	3,030	0.47%
Index Ventures II (Jersey), L.P.	USD	2001	Europe	7,500	3,845	3,394	1,651	7,500	3,069	1,461	0.22%
Columbia Capital Equity Partners IV (Non-US), L.P.	USD	2005	North America	10,000	6,321	6,073	10,275	10,000	5,652	10,766	1.66%
Index Ventures III (Jersey), L.P.[3)]	EUR	2005	Europe	9,092	6,351	6,306	10,568	9,235	5,980	10,809	1.66%
New Enterprise Associates 12, L.P.	USD	2006	North America	5,000	3,703	4,068	6,257	5,000	4,325	4,442	0.68%
Index Ventures IV (Jersey), L.P.[3)]	EUR	2007	Europe	6,494	3,560	3,638	5,810	6,596	3,756	5,236	0.81%
Total late stage venture				**91,086**	**46,532**	**43,979**	**43,394**	**83,831**	**41,760**	**40,206**	**6.19%**
Total venture stage				**267,206**	**125,664**	**111,127**	**103,736**	**261,122**	**105,646**	**101,809**	**15.67%**
Co-Investment and other											
Large buyout											
Co-Investment 1	EUR	2011	Europe	3,890	—	4,292	3,874	3,951	4,292	4,725	0.72%
Co-Investment 2[9)]	USD	2011	Other	4,000	—	4,000	4,037	4,000	4,000	4,845	0.75%
Total large buyout				**7,890**	**—**	**8,292**	**7,911**	**7,951**	**8,292**	**9,570**	**1.47%**

	Deal currency	Vintage year	Geography	Commitment 31.12.2011	Cost 1.1.2011	Cost 31.12.2011	Fair value 31.12.2011	Commitment 31.12.2012	Cost 31.12.2012	Fair value 31.12.2012	FMV in %
Small buyout											
Co-Investment 3	EUR	2011	Europe	2,435	—	2,526	2,435	2,473	2,526	3,042	0.47%
Co-Investment 4	EUR	2011	Europe	5,195	—	3,371	3,183	5,277	3,371	5,556	0.86%
Total small buyout				**7,630**	—	**5,897**	**5,618**	**7,750**	**5,897**	**8,598**	**1.32%**
Total Co-Investment and other				**15,520**	—	**14,189**	**13,529**	**15,701**	**14,189**	**18,168**	**2.80%**
Total investments designated at fair value through profit or loss				**1,404,968**	**632,945**	**591,661**	**652,362**	**1,403,307**	**568,808**	**649,445**	**99.95%**
Derivative financial instruments designated at fair value through profit or loss											
Deferred put option (Currency Hedge)[9]	USD	2011	Other	—	—	338	221	—	338	328	0.05%
Total derivative financial instruments designated at fair value through profit or loss				—	—	**338**	**221**	—	338	328	**0.05%**
Total				**1,404,968**	**632,945**	**591,999**	**652,583**	**1,403,307[7]**	**569,146**	**649,773**	**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 1.319250 as of 31 December 2012 and 1.298800 as of 31 December 2011.
[4] Total commitment translated from GBP value at 1.624800 as of 31 December 2012 and 1.554650 as of 31 December 2011.
[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 1,280,882 (31 December 2011: TUSD 1,244,578).
[8] Effective 1 January 2011 the Company has deconsolidated Chancellor Offshore Partnership Fund, L.P. It is now shown as an investment under balanced stage as Chancellor Offshore Partnership Fund, L.P.
[9] 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 2012 (All amounts in USD thousands unless otherwise stated)

	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.

	2011	Value per 1 January 2011[2]	Additions (capital calls)[3]	Disposals (returns of capital)	Unrealised gains	Unrealised losses	Value per 31 December 2011	Total realised gains/ (losses) per 31 December 2011[4]	Net gains/ (losses) per 31 December 2011	Uncalled commitment amount[5]
Marketable securities		—	**4,129**	**(4,129)**	—	—	—	**(94)**	**(94)**	—
Balanced stage		**48,103**	**1,889**	**(3,855)**	**2,022**	**(17,036)**	**31,123**	**25,110**	**10,096**	**11,458**
Buyout stage	large buyout stage	138,152	7,603	(11,180)	3,626	(12,828)	125,373	11,292	2,089	27,885
	middle market buyout stage	206,326	23,669	(12,546)	13,598	(11,696)	219,350	19,613	21,514	63,042
	small buyout stage	52,134	15,661	(8,341)	9,111	(2,165)	66,401	(114)	6,832	28,362
	Total buyout stage	**396,612**	**46,933**	**(32,068)**	**26,335**	**(26,689)**	**411,124**	**30,791**	**30,435**	**119,289**
Special situations stage	distressed debt stage	107,756	2,116	(24,721)	8,827	(1,128)	92,850	(4,852)	2,847	3,106
	turnaround stage	376	—	—	—	(376)	—	439	62	—
	Total special situations stage	**108,132**	**2,116**	**(24,721)**	**8,827**	**(1,505)**	**92,850**	**(4,413)**	**2,909**	**3,106**
Venture stage	early stage venture	54,106	4,268	(19,144)	17,598	(7,007)	49,821	(6,268)	4,323	10,657
	growth capital stage	7,583	3,271	(377)	43	—	10,521	770	813	9,423
	late stage venture	41,791	1,698	(4,254)	6,737	(2,578)	43,394	3,745	7,904	4,483
	Total venture stage	**103,480**	**9,237**	**(23,775)**	**24,378**	**(9,584)**	**103,736**	**(1,753)**	**13,040**	**24,563**
Coinvestment	large buyout stage	—	8,292	—	(382)	—	7,911	—	(382)	—
	small buyout stage	—	5,897	—	—	(279)	5,618	—	(279)	1,974
	Total Co-Investment	—	**14,190**	—	**(382)**	**(279)**	**13,529**	—	**(661)**	**1,974**
Total investments		**656,327**	**74,365**	**(84,419)**	**61,180**	**(55,093)**	**652,362**	**49,735**	**55,819**	**160,390**
Derivative financial instruments	Deferred put option (Currency Hedge)	—	338	—	—	(117)	221	—	(117)	—
	Total derivative financial instruments	—	**338**	—	—	**(117)**	**221**	—	**(117)**	—
Total investments, marketable securities and derivative financial instruments		**656,327**	**78,832**	**(88,548)**	**61,180**	**(55,210)**	**652,583**	**49,641**	**55,608**	**160,390**

1) Numbers may not fully add up due to rounding.
2) With effective 1 January 2011 the Company has deconsolidated Chancellor Offshore Partnership Fund, L.P. (the "Chancellor Fund"). It is now shown as an investment under balanced stage as Chancellor Offshore Partnership Fund, L.P.
3) Includes callable returns of capital and adjustments due to sales of investments.
4) Includes callable distributed realised gains.
5) 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 20 shows the cash transactions in the portfolio and the cash flow reconciliation on page 35 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 2012 (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 2011	**287,104**	**786**	**1,000,747**	**1,387,083**
New investments	19,670	—	24,000	49,547
Exit/Sale of investments	(23,926)	—	—	(32,093)
Reclassification due to deconsolidation of Chancellor	—	—	13,285	13,285
Commitments reduced	—	—	(1,650)	(1,650)
Revaluation of foreign currency commitments	—	—	—	(11,204)
Commitments as of 31 December 2011	**282,848**	**786**	**1,036,382**	**1,404,968**

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 uncalled commitments	Investments			
	TEUR	TGBP	TUSD	Total in TUSD converted at year end exchange rates
Uncalled commitments as of 1 January 2011	**57,681**	—	**113,925**	**191,295**
New investments	19,670	—	24,338	49,885
Commitments reduced	—	—	(150)	(150)
Capital calls paid	(29,291)	—	(37,566)	(75,609)
Adjustments of uncalled due to exit of investments	(2,856)	—	(1,500)	(5,235)
Recallable distributions	10	—	5	18
Reclassification due to deconsolidation Chancellor	—	—	2,616	2,616
Revaluation of foreign currency commitments	—	—	—	(2,430)
Uncalled commitments as of 31 December 2011	**45,214**	—	**101,668**	**160,390**

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**

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

The Overseas Subsidiary has access to a 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 will be limited to a maximum of TUSD 45,000 from 1 September 2012 to 30 June 2013, 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.

The Ireland Subsidiary also has access to a 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 will be limited to a maximum of TUSD 30,000 from 1 September 2012 to 30 June 2013, USD 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 2012 was in total TUSD 280 (31 December 2011: TUSD 304). 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 2012 the Overseas Subsidiary had no borrowings (31 December 2011: Nil) from LGT Bank AG, Vaduz.

As of 31 December 2012 the Ireland Subsidiary had no borrowings (31 December 2011: TUSD 2,000) from LGT Bank (Ireland) Limited, Dublin.

Due to bank – fixed advance Ireland Subsidiary	**Interest rate**	**Maturity**	**Amounts TUSD**
As of 31 December 2011	1.813%	10 January 2012	2,000
Total			**2,000**

14 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of:

Accounts payable and accrued liabilities	**2012 TUSD**	**2011 TUSD**
Accrued management fee payable – related party	1,753	3,315
Accrued performance fee payable – related party	5,865	–
Accrued administration fee payable – related party	96	93
Accrued custody fee payable – third party	35	31
Accrued credit facility standby fee payable – related party	58	77
Accrued interest payable – related party	–	1
Accrued withholding tax treasury shares 2nd line (bought for cancellation) – third party	1,382	709
Other accrued liabilities – third party	262	617
Total	**9,451**	**4,843**

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 2012 amounts to TCHF 208,500 (TUSD 138,648) (31 December 2011: TCHF 216,000 (TUSD 146,966)) consisting of 41,700,000 (31 December 2011: 43,200,000) 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 685,355 as of 31 December 2012 (31 December 2011: TUSD 653,784).

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 2012 Castle Private Equity (International) plc has purchased no treasury shares and no treasury shares were sold. As at 31 December 2012 the Ireland Subsidiary held in total 575,885 treasury shares (31 December 2011: 575,885). These treasury shares are treated as a deduction from the consolidated shareholders' equity using cost values of TUSD 4,856 (31 December 2011: 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 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 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.

As at 31 December 2012 the Company held in total 1,726,575 treasury shares (31 December 2011: 1,150,175) on its second trading lines. These treasury shares are treated as a deduction from the consolidated shareholders' equity using cost values of TUSD 23,147 (31 December 2011: TUSD 11,230).

Altogether the Group holds 2,302,460 treasury shares as at 31 December 2012 (31 December 2011: 1,726,060).

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 2011	191,853	–	1,338	1,892
Additions 2011	384,032	9.16	3,518	3,994
Number of treasury shares held by the Ireland Subsidiary as of 31 December 2011	**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**

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 2011	–	–	–	–
Additions 2011	1,150,175	9.76	11,230	11,962
Number of treasury shares 2nd line (bought for cancellation) held by the Company as of 31 December 2011	**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**

Summary of treasury shares held as of 31 December 2011	Number of shares	Average price TUSD	Total cost TUSD	Market value TUSD
Treasury shares held by Subsidiaries as of 31 December 2011	575,885	8.43	4,856	5,989
Treasury shares 2nd line (bought for cancellation) held by the Company as of 31 December 2011	1,150,175	9.76	11,230	11,962
Total of treasury shares held as of 31 December 2011	**1,726,060**	–	**16,086**	**17,951**
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**

16 Major shareholders

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

Major shareholders	2012	2011
Between 3% and 5%	LGT Capital Management AG, Switzerland	LGT Capital Management AG, Switzerland
Between 5% and 10%	Warburg LuxInvest SA, Luxembourg Ironsides Partners, USA	Swiss Life AG, Switzerland Warburg LuxInvest SA, Luxembourg Ironsides Partners, USA
10% and above	Abrams Capital Partners II, USA Swiss Life AG, Switzerland	Abrams Capital Partners II, USA

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 has been signed on 14 December 2012 stating the reduction of the payable management fee, from 1 July 2012 onwards, to 1 per cent of the consolidated net asset value per annum instead of 2 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 fee is 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 2012 amounted to 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 Group. 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 and at the USD/CHF rate in effect at 6 p.m. Swiss time as published by Bloomberg.

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 and on an at arm's length basis.

Related party transactions

Entity	Related party Relationship/Agreement(s) Direct/indirect	Terms and conditions	Transaction type	2012 TUSD	2011 TUSD
Castle Private Equity (International) PLC	LGT Private Equity Advisers AG/ Management Agreement/direct	Note 6	Management fees	10,251	13,525
		Note 14	Management fees payable	1,753	3,315
		Note 6	Performance fees	5,865	—
		Note 14	Performance fees payable	5,865	—
	LGT Fund Managers (Ireland) Limited/ Management Agreement/direct	Note 7	Administration fees	271	272
		Note 14	Administration fees payable	69	67
	LGT Bank (Ireland) Limited/ Loan Agreement/direct	Note 13	Due to banks	—	2,000
		Note 10	Time deposit at banks	8,000	—
		Note 7	Credit facility standby fees	112	122
		Note 14	Credit facility standby fees payable	23	31
		Note 8	Interest expense	25	1
		Note 14	Interest expense payable	—	1
	LGT Fund Managers (Ireland) Limited/ Investment Management Agreement/indirect	No direct fees	Investment management fees	—	—
	LGT Capital Partners Limited/ 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	106	100
		Note 14	Administration fees payable	27	26
	LGT Bank Limited/ Loan Agreement/direct	Note 10	Cash at banks	50	161
		Note 13	Due to banks	—	—
		Note 7	Credit facility standby fees	168	182
		Note 14	Credit facility standby fees payable	35	46
		Note 8	Interest expense	—	400
		Note 14	Interest expense payable	—	—
	LGT Private Equity Advisers AG/ Investment Management Agreement/direct	Note 17	Management fees	—	—
	LGT Capital Partners Limited/ LGT Private Equity Advisers AG/ Advisory Agreement/indirect	No direct fees	Advisory fees	—	—
	Directors/indirect	Note 7/18	Directors' fees	10	5
Castle Private Equity AG	LGT Bank Limited/ Administrator Services Agreement/direct	Note 7	Administration fees	30	30
		Note 10	Cash at banks	115	30
		Note 10	Time deposit at banks	—	600
		Note 8	Interest expense	—	—
	LGT Capital Partners Limited/ Domicile Agreement/direct	Note 7	Domicile fees	10	10
	Directors/direct	Note 7/18	Directors' fees	347	223

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 2012 and 2011 were insignificant.

The table below shows the remuneration for the members of the board of directors in the year 2012 and 2011. In addition, the Group paid in 2012 a directors and officers liability insurance fee of TUSD 16 (2011: TUSD 43). Travel expenses amounted to TUSD 58 (2011: TUSD 11)

Board remuneration is defined and paid out in CHF. See also note 8 of the Company financial statements on page 71.

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

	Compensation and expenses TUSD
As of 31 December 2011	
Chairman	73
Deputy chairman	53
Committee chairman	51
Members	40
Total board of directors	**217**

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 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**	**7,693**	**81,280**
As of 31 December 2011				
Income				
Net gain on investments designated at fair value through profit or loss	29,985	14,713	11,121	55,819
Net loss on derivative financial instruments designated at fair value through profit or loss	—	—	(117)	(117)
Net loss on securities designated at fair value through profit or loss	(94)	—	—	(94)
Other loss	—	(69)	—	(69)
Total income	**29,891**	**14,644**	**11,004**	**55,539**

The assets are geographically allocated as follows:

	2012 TUSD		2011 TUSD	
Assets				
North America	243,934	35.1%	251,885	38.1%
Europe	308,912	44.5%	273,950	41.5%
Other	141,961	20.4%	134,793	20.4%
Total assets	**694,807**	**100.0%**	**660,628**	**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 diversifications, 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 2012, 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 g).

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 performance. The annual expected volatility for both the current and prior reporting periods is disclosed in the table below.

	2012 TUSD	2011 TUSD
Financial assets at fair value through profit or loss	649,773	652,583
Total assets subject to market risk	649,773	652,583
Annual expected volatility	16.86%	29.86%
Potential impact on the consolidated balance sheet position and the consolidated statement of comprehensive income	109,525	194,830

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 i) 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. Earnings multiples used were in a range from 7.5x to 8.0x.

The impact on the consolidated statement of comprehensive income and shareholders' equity from the valuations using the above multiples was a decrease of TUSD —1,053 (31 December 2011: TUSD —1,837). 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 46 or TUSD —872 respectively (31 December 2011: TUSD 420 or TUSD —465).

(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 2012, had the exchange rate between the Euro and the US Dollar increased or decreased by 1.6 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 TUSD 2,956 (31 December 2011: 3.2 per cent or TUSD 5,731). Movements in the other foreign currencies wouldn't have had a significant impact on the consolidated financial statements.

Currency risk

In 2012 and 2011

As of 31 December 2012	**USD TUSD**	**EUR TUSD**	**GBP TUSD**	**CHF 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	328	–	–	–	328
Total assets	**504,963**	**188,998**	**846**	–	**694,807**
Liabilities					
Due to banks	–	–	–	–	–
Accounts payable and accrued liabilities[1]	7,940	61	–	1,450	9,451
Total liabilities	**7,940**	**61**	–	**1,450**	**9,451**

As of 31 December 2011	**USD TUSD**	**EUR TUSD**	**GBP TUSD**	**CHF TUSD**	**Total TUSD**
Assets					
Cash and cash equivalents	6,846	1,073	–	–	7,919
Other current assets[1]	45	80	–	1	126
Investments designated at fair value through profit or loss	472,614	178,834	914	–	652,362
Derivative financial instruments designated at fair value through profit or loss	221	–	–	–	221
Total assets	**479,726**	**179,987**	**914**	**1**	**660,628**
Liabilities					
Due to banks	2,000	–	–	–	2,000
Accounts payable and accrued liabilities[1]	3,924	60	93	766	4,843
Total liabilities	**5,924**	**60**	**93**	**766**	**6,843**

[1] Provided for reconciliation purposes only.

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%

Foreign exchange rates	2011 USD	2010 USD	Impact %
Year-end rates			
Exchange rate CHF/USD	1.068890	1.067635	0.1%
Exchange rate EUR/USD	1.298800	1.341349	(3.2%)
Exchange rate GBP/USD	1.554650	1.561900	(0.5%)

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

In 2012 and 2011

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				
Due to banks	–	–	–	–
Accounts payable and accrued liabilities[1]	–	–	9,451	9,451
Total current liabilities	–	–	**9,451**	**9,451**

[1] Provided for reconciliation purposes only.

As of 31 December 2011	Less than 1 month TUSD	1 – 3 months TUSD	Non-interest bearing TUSD	Total TUSD
Assets				
Cash and cash equivalents	7,919	—	—	7,919
Other current assets[1]	—	—	126	126
Investments designated at fair value through profit or loss	—	—	652,362	652,362
Derivative financial instruments designated at fair value through profit or loss	—	—	221	221
Total assets	**7,919**	—	**652,709**	**660,628**
Liabilities				
Due to banks	2,000	—	—	2,000
Accounts payable and accrued liabilities[1]	—	—	4,843	4,843
Total current liabilities	**2,000**	—	**4,843**	**6,843**

[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

In 2012 and 2011

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, Zurich	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**	

As of 31 December 2011	Fully performing TUSD	Total TUSD	S&P Rating
Cash at LGT Bank, Vaduz	791	791	A+
Cash at Credit Suisse (International) Dublin Branch	6,201	6,201	n/a
Cash at Zürcher Kantonalbank, Zurich	875	875	AAA
Cash at Stifel Nicolaus Weisel	52	52	n/a
Other current assets	126	126	n/a
Deferred put option	221	221	n/a
Total exposure to credit risks	**8,266**	**8,266**	

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 45,000 credit facility with LGT Bank AG, Vaduz and the Ireland Subsidiary has access to a TUSD 30,000 credit facility with LGT Bank (Ireland) Limited. The Group also has a cash at bank position at 31 December 2012 of TUSD 42,877 (31 December 2011: TUSD 7,919). The amounts outstanding on the total committed capital of the investments as of 31 December 2012 are TUSD 122,425 (31 December 2011: TUSD 160,390) 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

In 2012 and 2011

As of 31 December 2012	Less than 1 month TUSD	1 – 3 months TUSD	Total TUSD
Liabilities			
Due to banks	—	—	—
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**

As of 31 December 2011	Less than 1 month TUSD	1 – 3 months TUSD	Total TUSD
Liabilities			
Due to banks	2,000	—	2,000
Accounts payable and accrued liabilities[1]	4,764	79	4,843
Total current liabilities	**6,764**	**79**	**6,843**
Total outstanding commitment amount	**160,390**	—	**160,390**

[1] Provided for reconciliation purposes only.
[2] The amounts outstanding on the total committed capital of the investments as of 31 December 2012 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 – The directors may consider repurchasing shares in the market for treasury 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. Any purchase of shares by the Company for treasury 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 i) (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 judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement 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 2012.

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:				
Fund investments	5,426	328	644,019	649,773
Total assets measured at fair value	**5,426**	**328**	**644,019**	**649,773**

As of 31 December 2011	**Level 1 TUSD**	**Level 2 TUSD**	**Level 3 TUSD**	**Total TUSD**
Assets				
Assets designated at fair value through profit or loss:				
Fund investments	5,276	221	647,086	652,583
Total assets measured at fair value	**5,276**	**221**	**647,086**	**652,583**

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 i) (iii) fair value measurement principles.

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

The following table presents a reconciliation disclosing the changes during 2012 and 2011 for financial assets classified as being Level 3.

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**

As of 31 December 2011	**Investments designated at fair value through profit or loss TUSD**
Assets	
At 1 January	651,479
Net unrealised gain	6,612
Purchases	77,542
Sales	(88,547)
Transfers in/out	—
At 31 December 2011	**647,086**
Total unrealised gain for the year included in the statement of comprehensive income for investments held at the end of the year	**5,661**

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

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

The Group has one open derivative financial instrument contract as at 31 December 2012 and 31 December 2011, relating to the hedging of a co-investment in Japanese Yen.

As of 31 December 2012	Notional amount TUSD	Valuation amount TUSD	Maturity	Loss TUSD
JPY against USD	338	328	02.12.16	10
Total unrealised loss				**10**

As of 31 December 2011	Notional amount TUSD	Valuation amount TUSD	Maturity	Loss TUSD
JPY against USD	338	221	02.12.16	117
Total unrealised loss				**117**

Beyond the uncalled commitments to investments disclosed in note 12, no further contingent liabilities exist as of 31 December 2012 (31 December 2011: Nil).

22 Subsequent events

The consolidated financial statements are authorised for issue on 26 March 2013 by the board of directors. The annual general meeting called for 15 May 2013 will vote on the final acceptance of the consolidated financial statements.

Since the balance sheet date of 31 December 2012 Castle Private Equity AG purchased 1,238,669 treasury shares on its second trading line at a cost amount of TUSD 18,339. As at 12 March 2013 the Company held in total 2,965,244 treasury shares on its second trading line.

Altogether the Group holds 3,541,129 treasury shares as at 12 March 2013 (31 December 2011: 1,726,060).

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 2012.

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 2012 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	**Rebecca Berlinger**
Audit expert	Audit expert
Auditor in charge	

Zurich, 26 March 2013

Balance sheet

As of 31 December 2012 (all amounts in Swiss Francs thousands unless otherwise stated)

	Note		2012	2011
Assets				
Current assets:				
Cash and cash equivalents			10,849	1,408
Other current assets			1	1
Total current assets			**10,850**	**1,409**
Non-current assets:				
Participations	3		470,335	470,335
Total non-current assets			**470,335**	**470,335**
Total assets			**481,185**	**471,744**
Liabilities				
Current liabilities:				
Accrued taxes			14	1
Other accrued liabilities			1,437	1,037
Deferred translation gain			84	173
Total current liabilities			**1,535**	**1,211**
Equity				
Shareholders' equity:	6			
Share capital			208,500	216,000
Share capital premium – legal reserves from capital contributions			258,666	258,666
allocated to general reserve from capital contributions		254,131		
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)			(21,729)	(10,089)
Accumulated surplus			34,213	5,956
Total shareholders' equity			**479,650**	**470,533**
Total liabilities and equity			**481,185**	**471,744**

Statement of income and accumulated surplus/(deficit)

For the year ended 31 December 2012 (all amounts in Swiss Francs thousands unless otherwise stated)

	Note	2012	2011
Income			
Interest income		—	1
Dividends from subsidiaries		35,256	11,058
Other income		152	—
Gain on foreign exchange, net		20	2
Total income		**35,428**	**11,061**
Expenses			
Other expenses		(968)	(768)
Total expenses		**(968)**	**(768)**
Profit before taxes		**34,460**	**10,293**
Taxes	4	(37)	(26)
Profit for the year		**34,423**	**10,267**
Accumulated surplus			
Accumulated surplus/(deficit) brought forward		5,956	(4,311)
Profit for the year		34,423	10,267
Cancellation of treasury shares 2nd line		(6,166)	—
Accumulated profit brought forward		**34,213**	**5,956**
Proposal of the board of directors for appropriation of accumulated profit			
To be carried forward		34,213	5,956
Total		**34,213**	**5,956**

Notes to the company financial statements

For the year ended 31 December 2012
(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". Since 1 January 2011, due to the early adoption of IFRS 10 "Consolidated Financial Statements", Chancellor Offshore Partnership Fund, L.P. (the "Chancellor Fund") is no longer consolidated.

2 Accounting principles

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 2012 and 31 December 2011 is composed of 100 per cent interest in the issued 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 2011	25	470,335
31 December 2012	**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 2012.

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

The Company has no open derivative financial instruments contracts as at 31 December 2012 (31 December 2011: Nil).

6 Shareholders' equity

The share capital of the Company at 31 December 2012 amounts to TCHF 208,500 (TUSD 138,648) (31 December 2011: TCHF 216,000 (TUSD 146,966)) consisting of 41,700,000 (31 December 2011: 43,200,000) 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 2012 Castle Private Equity (International) plc purchased no treasury shares (2011: 384,032) and no treasury shares were sold. As at 31 December 2012 the Ireland Subsidiary held in total 575,885 treasury shares (2011: 575,885). Treasury shares are treated as a deduction from shareholders' equity using cost values TCHF 4,535 (TUSD 4,856) (31 December 2011: 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 is 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 shares to the amount of TCHF 10,089 (TUSD 11,230). Altogether 1,500,000 shares 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 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 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).

As at 31 December 2012 the Company held in total 1,726,575 treasury shares (31 December 2011: 1,150,175) on its second trading line. These treasury shares are treated as a deduction from the consolidated shareholders' equity using cost values of TCHF 21,729 (TUSD 23,147) (31 December 2011: TCHF 10,089 (TUSD 11,230)).

Altogether the Group holds 2,302,460 treasury shares as at 31 December 2012 (31 December 2011: 1,726,060).

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.

Shareholders' equity

In 2012 (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 2011	216,000	254,131	4,535	(10,089)	5,956	470,533
Profit for the year	—	—	—	—	34,423	34,423
Purchase of treasury shares 2nd line	—	—	—	(25,306)	—	(25,306)
Cancellation of treasury shares 2nd line	(7,500)	—	—	13,666	(6,166)	—
31 December 2012	**208,500**	**254,131**	**4,535**	**(21,729)**	**34,213**	**479,650**

7 Major shareholders

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

Major shareholders	2012	2011
Between 3% and 5%	LGT Capital Management AG, Switzerland	LGT Capital Management AG, Switzerland
Between 5% and 10%	Warburg LuxInvest SA, Luxembourg Ironsides Partners, USA	Swiss Life AG, Switzerland Warburg LuxInvest SA, Luxembourg Ironsides Partners, USA
10% and above	Abrams Capital Partners II, USA Swiss Life AG, Switzerland	Abrams Capital Partners II, USA

8 Compensation and share ownership

Until 29 October 2008 the members of the board of directors of the Company, the general manager and the members of the board of directors of the investment manager were remunerated within their parent organisations, being LGT Group Foundation and Partners Group. They were not compensated by the Company or its subsidiaries for their activities, nor did they receive shares, options, loans or additional fees.

Starting at the extraordinary general meeting of shareholders on 29 October 2008, an annual remuneration for the members of the board of directors was introduced 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 5,000. Expense accounts in excess of CHF 5,000 shall be signed off by the chairman (or, in the chairman's case, by the deputy chairman). In addition, the Group paid in 2012 a directors and officers liability insurance of TCHF 15 (31 December 2011: TCHF 38).

Due to projects there have been further compensations to the directors by the Company for their activities. 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	**2012**	**2011**
Castle Private Equity AG		
Members of the board of directors		
Gilbert Chalk	8,750	7,500
Dr Konrad Bächinger	30,000	30,000
Dr Marcel Erni	4,900	4,900
Total	**43,650**	**42,400**
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	55,000
Total	**88,750**	**86,000**

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 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.

Significant shareholders

The Stock Exchange Act requires shareholders holding 3 per cent or more of the Company's voting rights to disclose certain transactions in the Company's shares. Such shareholders are disclosed in note 7 to the Company financial statements. Since 2009, the following relevant disclosures were made to the Company (in case of multiple disclosures, only the latest in the year is listed):

2009 – A group managed by Laxey Partners (Isle of Man) reported to hold less than 3 per cent of shares.

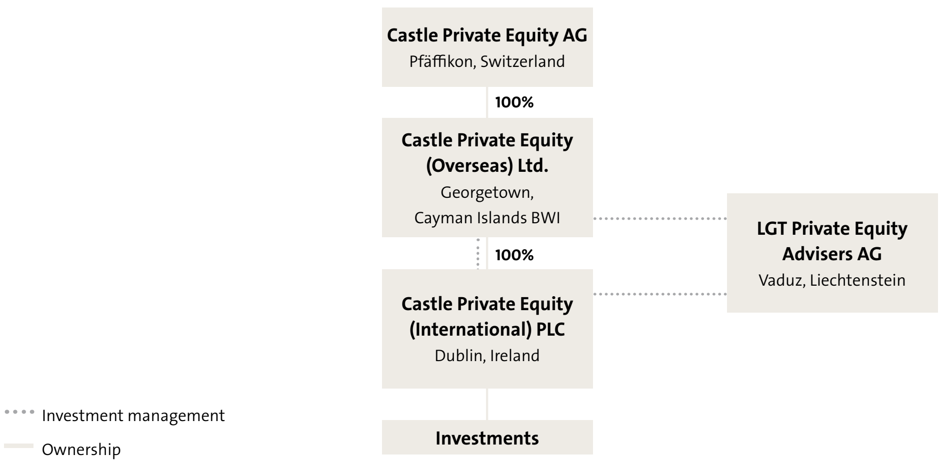
2010 – LGT Group, Liechtenstein, reported a reduction in shareholding to 7.3 per cent.
- Sjunde AP-Fonden, reported a shareholding of 8.9 per cent, of which 4.2 per cent held by Seventh Private Equity Investments Plc.
- David C. Abrams, USA, reported a shareholding of 3.1 per cent.

2011 – LGT Group, Liechtenstein, reported a reduction in shareholding of below 3 per cent.
- Sjunde AP-Fonden reported a shareholding of below 3 per cent.
- David C. Abrams reported a holding above 15 per cent.
- Ironsides Partners Opportunity Master Fund, L.P. reported a holding above 5 per cent.

2012 – LGT Group, Liechtenstein, reported a holding above 3 per cent.
- David C. Abrams reported a shareholding of above 20 per cent.
- Swiss Life AG Switzerland, reported a holding above 10 per cent.
- Futureal Global, Hungary, reported a shareholding of below 3 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#

No cross-shareholdings between Group companies existed at year end 2012. Apart from treasury shares as disclosed in note 6 on page 69.



2. Capital structure

Capital

The Company's share capital consists of 41.7 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. Prior to the cancellation of 1,500,000 own shares which was approved at the 12 April 2012 general meeting of shareholders and registered by the commercial register on 10 July 2012, the Company's share capital consisted of 43.2 million registered shares with a par value of CHF 5 each. The Company has not issued any participation certificates or profit sharing certificates. 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 2011 annual report.

The market capitalisation of the Company per year end 2012 amounted to approx. USD 588 million.

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 2012.

3. Board of directors

All members are non-executive. None of the members have been members of management of the Company or one of its subsidiaries. Dr Marcel Erni is affiliated with Partners Group, which, together with LGT Group Foundation, owns the investment manager that manages the Group's investments.

The board is composed of the following members:

**Gilbert J. Chalk,
chairman of the board**

Gilbert Chalk (British citizen, 1947) completed his BSc and 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 April 2012 for a term ending at the 2013 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 Private Equity 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 April 2012 for a term ending at the 2013 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 and is executive 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 April 2012 for a term ending at the 2013 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 April 2012 for a term ending at the 2013 annual shareholders' meeting.

James Andrew Pluhar, member of the board

James Pluhar (US citizen, born 1977) a 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 for a term ending at the 2013 annual shareholders' meeting.

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 chairman 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 and CEO of the board of directors of Absolute Investment Services Ltd. Zurich, chairman of Jade Invest SA, Neuchâtel, and a member of the board of the following companies: Absolute Invest AG, Zug, FinOps AG, Zurich and 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 Amtutz was elected to the board of directors of Castle Private Equity AG at the annual meeting in April 2012 for a term ending at the 2013 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 for a term ending at the 2013 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'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 2012, four board 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 managing director interact frequently.

Information and control
In addition to information received in board meetings, the directors receive monthly 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 and of LGT Private Equity Advisers AG.

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 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 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 serves full-time 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 serves as executive vice chairman, having responsibility for the international business development of the firm. He is a member of the business development committee.

Dr Hans Markvoort

(See page 79) is also appointed as general manager of the investment manager.

Investment adviser

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

Until 29 October 2008, members of the board of directors of the Company, the general manager and the members of the board of directors of the investment manager were affiliated with and remunerated by their parent organisations, being LGT Group and Partners Group. They had not been compensated by the Company or its subsidiaries for their activities, nor did they receive shares, options, loans or additional fees.

In connection with the election of directors not affiliated with LGT and Partners Group, an annual remuneration for the members of the board of directors was introduced as of the extraordinary general meeting of shareholders on 29 October 2008, 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 5,000. Expense accounts in excess of CHF 5,000 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 15 May 2013 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 7 May 2013 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 7 May 2013 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 shareholder holding more than a certain threshold of the voting rights of 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.

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 2012 audit amounted to TUSD 174 (2011: TUSD 182).

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 phone 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

Castle Private Equity publishes an annual report per December, a semi-annual report per June and quarterly reports per March and 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.

Share information

Exchange rate CHF/USD: 0.9147

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	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]	4,320[1]	43,200	43,200	43,200[3]	43,200[4]	41,700[5]	
USD net asset value[2]	8.19	9.24	10.82	13.13	17.06	11.77	12.18	14.70	15.76	17.40	
USD closing price[2]	7.00	6.65	8.80	10.20	12.25	3.20	5.25	8.70	10.80	14.10	
CHF closing price[2]	8.75	7.75	11.51	12.50	13.81	3.43	5.40	8.11	10.10	13.00	
Share performance											
USD net asset value	6.3%	12.9%	17.1%	21.4%	29.9%	(31.0%)	3.5%	20.7%	7.2%	10.4%	153.4%
USD closing price	44.3%	(5.0%)	32.3%	15.9%	20.1%	(73.9%)	64.1%	65.7%	24.1%	30.6%	102.9%
CHF closing price	24.6%	(11.4%)	48.5%	8.6%	10.5%	(75.2%)	57.4%	50.2%	24.5%	28.7%	25.0%

[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 2,302,460 owned by the Group (575,885 in treasury and 1,726,575 for cancellation). On 12 July 2012, the 1,500,000 shares purchased in the 2011 share buyback program were cancelled.

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SIX Swiss Exchange 4885474 (Swiss)

Price information
Reuters: CPE.S, CPEu.S
Bloomberg: CPEN SW <Equity>, CPED SW <Equity>

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