Annual Report

2014

castle
PRIVATE EQUITY

Contents

Further information

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

Publication date

This report was released for publication on 4 March 2015.
The subsequent event notes in the financial statements have been updated to 18 February 2015.
Amounts in this report are stated in USD thousands (TUSD) unless otherwise stated.

Castle Private Equity in 2014

(All amounts in USD, unless when indicated otherwise)

	2014	2013	
Net asset value	517 million	613 million	2014 NAV excludes USD 176 million repaid to investors (2013: USD 79 million)
Payments to shareholders	97 million	79 million	Repayment of capital contribution reserves
Net asset value per share	15.39	17.13	2014 NAV per share excludes USD 2.83 per share distributed during 2014
Share price[1]	14.20	13.55	
Discount to audited net asset value	6 per cent	21 per cent	
Private equity assets	505 million	586 million	
Capital calls from investments	30 million	46 million	
In per cent of initial uncalled	30 per cent	28 per cent	
Distributions from investments	165 million	171 million	
In per cent of initial PE assets	28 per cent	26 per cent	
New commitments	—	—	No new commitments
Investment degree	98 per cent	96 per cent	
Uncalled commitments	75 million	100 million	
Uncalled as per cent of NAV	14 per cent	16 per cent	
Credit facility	30 million	50 million	Credit facility reduced to USD 30 million in July 2014
Credit facility use	—	—	
Cash position	27 million	35 million	
Treasury shares	575,885	575,885	
Treasury shares 2nd line (bought for cancellation)	1,482,000	1,206,500	
Cancelled shares	1,900,000	4,170,000	1,900,000 shares from the 2013 – 2014 share buyback program cancelled on 12 August 2014
Shares in circulation	33,572,115	35,747,615	

1) Representing the closing price on the last day of the year.

Chairman's statement

Patient harvesting remains top focus

Dear shareholders

2014 turned out to be a satisfactory second full year under the harvesting strategy for Castle Private Equity. The net asset value (NAV) per share increased by 6.3 per cent, the CHF share price by 24.7 per cent, when including the CHF 1.25 and 1.40 per share distributions paid out in May and December.

A positive yet fragile economic environment...

During the period under review, global private equity as an asset class continued to deliver strong returns, helped by a generally positive momentum in public equity markets, a supportive interest rate environment and buoyant M&A appetite. Yet, the contrasting performance of equity markets in the US, Europe and emerging markets show that the strength of the global economy developed unevenly and not without disruptions.

The relatively good health of the US economy was underscored by the double digit percentage growth of the major US equity indices in 2014, after an even more impressive gain in 2013. Five years after the 2008/2009 financial crisis, the US economy was back on a growth track with lower energy prices, increased consumer confidence, reduced unemployment and growing corporate profits. Europe's economic development – as exemplified by the DAX's 2.7 per cent 2014 growth – fared less well, but nevertheless moved in the right direction. Fears of contagion effects of a sovereign default receded, giving way to frustration with the apparent inability of various southern European countries to escape stagnation and introduce meaningful structural reforms. While Europe's recovery was further obstructed by a rapidly destabilising political situation in the Ukraine, Germany and other northern European economies generally held up well. Emerging economies like Brazil and Russia provided a challenging backdrop in 2014, partially caused by the negative effect of lower oil prices on their economies, partially by internal inefficiencies of their own making.

Debt markets, including the interest rate environment, remained relatively benign for private equity throughout 2014. Accommodative monetary policies led to a further reduction of both USD and EUR interest rates in the year from already low levels. Comparing transmission mechanisms – i.e., how quantitative easing translated into credit for individual companies and consumers – the US remained well ahead of other economies. The US credit system – deep and sophisticated bond markets, complemented by well-capitalised banks – functioned much better than the relatively underdeveloped bond markets and undercapitalised banks in Europe and elsewhere.

...delivered continued NAV and share price growth despite advanced portfolio maturity...

In this environment, Castle Private Equity's portfolio did well. The patient harvesting approach that remained our company's primary focus during 2014 paid off, even if more mature portfolios like Castle's tend to have less upside than some younger portfolios. Notwithstanding this Castle achieved a distribution-adjusted NAV per share increase of 6.3 per cent in 2014 to USD 15.39 by the end of 2014. The company's share price grew even more strongly, closing the year at USD 14.20 per share, an increase of 25.7 per cent over the previous year (when including capital distributions), and representing a discount to NAV of 8 per cent. Higher NAV growth in 2014 was held back primarily by currency effects and the investment manager's performance fee accrual that is calculated by reference of the lower of the NAV or share price. The investment manager's report below outlines the performance drivers in more detail.

…and supported high net cash inflows

Distributions from the underlying portfolio reached the high levels of the previous year, as a result of the harvesting strategy adopted at the 2012 AGM to realise the company’s portfolio and to cease new investment commitments. The company’s portfolio generated total distributions from realisations in excess of USD 165 million in 2014, compared to USD 171 million for the year 2013.

On the investment side, as no new commitments were made, capital calls for new investments by the underlying private equity funds decreased further and represented, at USD 30 million, less than one quarter of total distributions. The total amount of uncalled capital decreased correspondingly to an amount of USD 75 million by the end of 2014, a reduction of 25 per cent versus December 2013.

Current value and realised proceeds well above USD 20 per share

Since the implementation of the harvesting strategy in April 2012, Castle Private Equity’s board has made significant progress in relation to maximising shareholder value to its full potential.

The company’s value grew, after only two and a half years, to well over USD 20 per share. With a capital repayment of CHF 1.25 per share paid out in May (equivalent to USD 1.40 at the distribution date) and a further distribution from general legal reserves of CHF 1.40 (USD 1.43) per share paid out in December, a total of CHF 2.65 (USD 2.83) per share was returned to shareholders in 2014, which is equivalent to over 17 per cent of the beginning year’s NAV per share. In combination with the CHF 0.75 (USD 0.77) per share distribution in May 2013 and the CHF 1.25 (USD 1.37) per share capital repayment in December 2013, a total of USD 4.97 per share or USD 176 million (CHF 4.65 per share or CHF 164 million overall) have so far been returned to shareholders via capital repayments from general legal reserves. In addition, CHF 29 million has been used to buy back Castle’s own shares for cancellation under various buyback programs in the past few years.

Your board intends to continue its harvesting strategy and focus on efficient liquidity management. We continue to see upside potential in a large number of underlying portfolios. Combined with our expectations that the exit environment will remain generally supportive in 2015 – low energy prices and European quantitative easing will likely compensate for less supportive developments elsewhere – we believe that Castle’s mature and well diversified portfolio should profit further for the benefit of investors. Independently, the investment manager continues to carefully monitor secondary markets and will execute on options for early liquidity if it believes the pricing is appropriate.

General meeting 13 May 2015 in Switzerland

The company’s 2015 annual general meeting is scheduled to take place on 13 May 2015 in Pfäffikon in Switzerland. The board welcomes the opportunity to discuss the progress of the company with interested shareholders.

As always, we thank you for your support.

Yours sincerely

Gilbert J. Chalk
Chairman

Investment manager's report

Harvesting process starts to show

Dear shareholders

NAV increased by 6.3 per cent

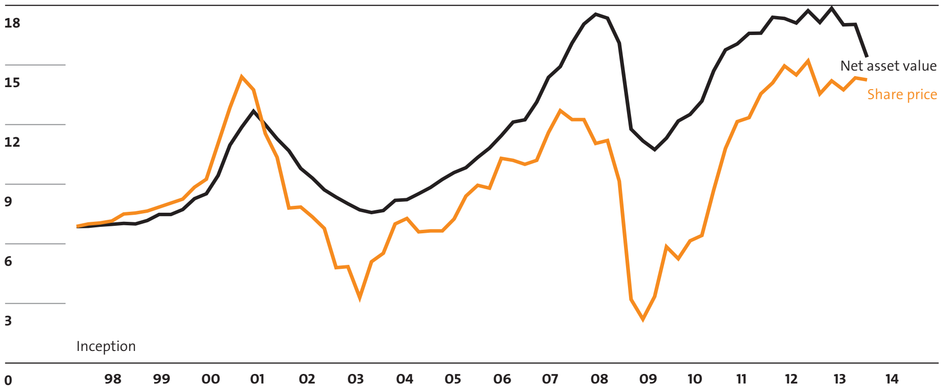
Castle Private Equity's audited net asset value increased by USD 1.09 per share in 2014 to USD 517 million or USD 15.39 per share, an increase of 6.3 per cent when including the capital distributions of USD 1.40 and USD 1.43 per share in May and December 2014. In absolute numbers, the NAV ended the year at USD 517 million from USD 613 million in 2013, after distributing USD 97 million to shareholders and deploying an additional USD 31 million for share buybacks.

Macroeconomic environment in 2014 – a tale of two stories

2014 was in many senses a tale of two stories. While the Eurozone reported weak economic data, lower inflation readings and a loss of economic momentum in powerhouse Germany, the US economy continued to show more positive dynamics, supported by a substantial decline in the unemployment rate and healthier household and bank balance sheets. Amid this encouraging environment, the US Fed continued to taper its monthly asset purchases. The US Dollar appreciated against most trading partners over the course of the year (over 13 per cent vs. the Euro), reflecting the contrasting actions of the Fed and the ECB.

Volatility in the financial markets increased as equity indices across the world staged a sharp correction in the latter half of September after hitting record highs earlier in the year. The MSCI World index gained 5.5 per cent, clearly outperforming its emerging markets peer (—1.8 per cent). The biggest market story of 2014 was the swift and steep near —50 per cent plunge in crude oil prices. The catalyst for the drop was a combination of softening demand in China, Europe and Japan, combined with a surge in US production. Market volatility was furthermore fuelled by a series of upsetting geopolitical events: unrest in Ukraine, the Russian annexation of Crimea, an outbreak of violence between Israel-Hamas, the rise of ISIS in the Middle East and outbreak of Ebola in Western Africa.

Share price and net asset value since inception
in USD per share



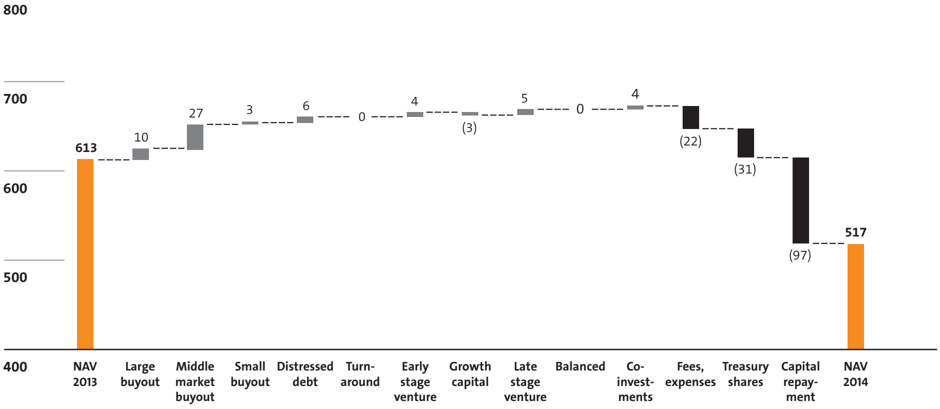
Private equity sector profited from strong fundamentals

In this environment, the private equity sector basically saw a continuation of the strong fundamentals of the previous year. In the US, private equity exit activity remained robust, supported by continued strength in corporate M&A activity. IPO and dividend recap volume exceeded prior year's level despite a slowdown in the second half of the year due to increased market volatility. Investment activity improved especially in the second half of the year after more cautious levels during the first six months of the year.

In the Eurozone, despite market volatility associated with political tensions and deflation fears, deal flow was steady and more deals were completed than a year ago, indicating a resilient recovery.

Private equity in Asia-Pacific made good progress in 2014 despite the less benign macroeconomic environment. Growth capital deals expanded further as economies recover supported by governments measures to lift consumer demand and investments. Healthy M&A and IPO markets continued to support exit activity also in the Asia-Pacific region.

NAV change by financial stage in 2014
in USD millions



Growth in underlying portfolio valuations mainly driven by buyout segment and late venture capital investments

Portfolio gains of USD 56 million include negative USD 23 million currency impact
The net asset value of Castle Private Equity developed solidly throughout the year, increasing by over 6 per cent as of 31 December 2014. 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 2014, the portfolio generated gains of USD 56 million, including a negative impact of USD 23 million caused by the 12 per cent decrease of the Euro against the US Dollar in the course of the year.

Buyout investment contributed again the lion's share of the 2014 annual performance

Investments in the buyout segment performed well during the year with an average IRR of 7 per cent for funds focusing on small transactions and 15 per cent for funds focusing on mid-market buyout investments. The contribution of large buyouts ended at 12 per cent for 2014, partially driven by the continued return to health of the debt market as well as the global stock market development. With a share of private equity assets of 10, 36 and 20 per cent for small, mid-market and large buyout transactions respectively, buyouts accounted for almost two-thirds of the portfolio by year-end.

Small buyout funds contributed a gain of USD 3 million for the year. The sector benefitted mainly from two factors: solid operating performances by underlying portfolio companies, as well as increased equity prices, leading to mark-to-market gains and positive movements in comparable valuation multiples. Returns were driven by a few funds. Key performer was Wynnchurch II, a US based small buyout manager focussing on value-oriented investments in niche manufacturing and business services companies located in the US and selectively in Canada. The fund successfully sold its stake in JAC Products, Inc., a leading global supplier of roof rack systems and cargo management products to the global automotive industry.

Mid-market buyout oriented funds returned a gain of USD 27 million during the course of the year. The lion's share stems from SB Asia II, a leading private equity firm in Asia. During the year, SB Asia II completed a number of highly successful realisations such as the partial sale of 58.com, the largest online marketplace serving local merchants and consumer in China. So far SB Asia II realised a multiple of initial investment cost of over 47 times on this investment.

Large buyout funds performed also positively, adding a gain of USD 10 million during the year. TPG Partners V was one of the main performance drivers, completing a number of successful realisations, including for example, the sale of Aptina Imaging in August 2014. Earlier in 2014, the fund completed the sale of Aptalis, a leading specialty pharmaceutical company. In addition to exits, valuations of large buyout funds generally increased as a result of their typically higher correlation with public market valuations.

Venture stage investments contributed significantly during 2014

The performance of the venture stage investments of Castle was also positive in 2014 with IRRs of over 4 per cent for early stage venture funds, over 20 per cent for late stage venture investments and a slightly negative performance for funds focusing on growth capital.

Early stage venture investments (8 per cent of private equity assets at year-end) returned a gain of close to USD 4 million during the past twelve months, reflecting an uptrend within the more volatile sector of technology investments. Jerusalem Venture Partners IV contributed a gain during the course of the year mainly due to favourable market comparables and strong financial performances of a number of portfolio companies.

Major exits
In 2014

Month	Partnership	Company	Sector, location	Exit
January	Index Ventures IV (Jersey), L.P.	Climate Corporation	online insurance, US	trade sale to Monsanto
February	Kennet III A, L.P.	Prolexic Technologies	IT security, US	trade sale to Akamai
February	Court Square Capital Partners II, L.P.	Newmarket	IT services, US	secondary sale to Amadeus
February	TPG Partners V, L.P.	Aptalis	pharmaceutical, US	trade sale to Forest Labs
March	TPG Partners IV, L.P.	Grohe	bathrooom fittings, Germany	trade sale to Lixil
April	OCM European Principal Opportunities Fund, L.P.	Stock Spirits	beverage producer, UK	public markets
May	Genstar Capital Partners V, L.P.	TravelClick	hospitality IT, US	trade sale to Thoma Bravo
May	Chequers XV, FCPR	Deutsche Telekabel	telecommunications, Germany	trade sale to PrimaCom
June	TPG Partners IV, L.P.	GPK	packaging, US	public markets
July	Genstar Capital Partners V, L.P.	Evolution1	healthcare, US	trade sale to WEX
July	Chequers XV, FCPR	Silver Care	healthcarare, Germany	trade sale to Orpea Group
August	Battery Ventures VIII, L.P.	Vero	software, UK	trade sale to Hexagon
September	Arsenal Capital Partners QP II-B, L.P.	Breckenridge	insurance, US	trade sale to W.R. Berkley
September	Index Ventures IV (Jersey), L.P.	Criteo	marketing, France	public markets
September	Sun Capital Securities Offshore Fund, Ltd.	DBApparel	clothing retailer, France	trade sale to HannesBrands
October	Index Ventures III (Jersey), L.P.	King.com	online gaming, UK	public markets
November	Permira IV, L.P. 2	Hugo Boss	clothing, Germany	public markets
December	Clayton, Dubilier & Rice Fund VII, L.P.	HD Supply	industrial, US	public markets
December	Newbridge Asia IV, L.P.	China Grand Auto	automotive, China	trade sale to Haitong

The **late stage venture** segment (6 per cent of assets) also experienced positive valuation developments contributing over USD 5 million during the course of 2014. Main driver in 2014 was Index Venture III who's remaining portfolio companies profited from strong operational performances leading to a positive revaluation.

Growth capital investments (3 per cent of assets) realised a slight negative performance. Kennet III, an experienced growth equity investor, reported a decrease in value driven exclusively by currency movements.

Distressed debt investments profited from healthier debt markets and contributed over 11 per cent IRR on 9 per cent of the company's assets. Most of the investments in this stage were valued using public debt market pricing.

Finally, **balanced** investments (2 per cent of assets) ended the year with a 2 per cent decline.

Currency movements offset some of the portfolio gains made

Unfortunately, currency movements offset some of the portfolio gains over the course of the year 2014, as the Euro weakened by over 11 per cent versus the US Dollar, resulting in an unrealised currency loss of USD 23 million.

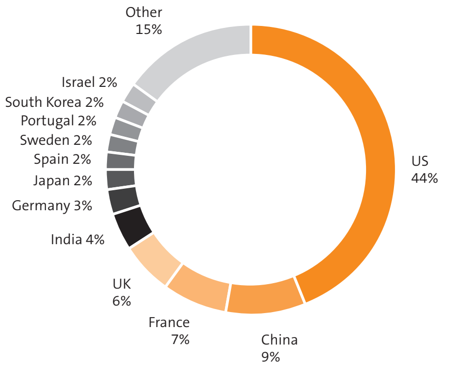
Valuations typically based on September reports

Castle's net asset value at year end partially reflects the valuations taken from the underlying fund's September manager reports. Only 35 per cent of Castle's private equity asset valuations are based on December 2014 reported valuations that arrived before the mid-February cutoff date. As in previous equity market upswings, valuations in 2014 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 2015 outlook priced into public equity market valuations by the end of 2014.

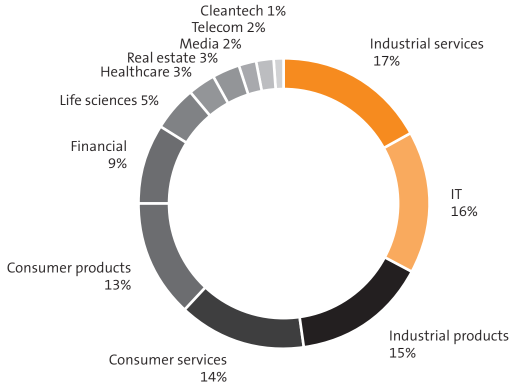
Portfolio review at the company level

Per December 2014

Geographical regions



Industry sectors



Increasingly mature and cash generating portfolio

The portfolio continued to mature in the past year. Underlying private equity funds in realisation mode represent USD 504 million or 82 per cent of overall PE assets. NAV of even older investments, considered to be in their liquidation phase, amounted to USD 43 million (9 per cent). The NAV of investment phase exposure amounted to USD 46 million, or 9 per cent of overall PE assets by year-end.

Another record year in terms of distributions received

The positive trend for liquidity continued throughout 2014. A significant number of exit events within the underlying portfolio enabled ongoing cash distributions back to Castle. Distributions were generated from almost all available exit channels, including sales to strategic buyers, secondary buyouts (sale of a private equity-backed company to another private equity manager) as well as IPO's and recapitalisations as a consequence of more robust credit markets.

Over USD 165 million in distributions during the year

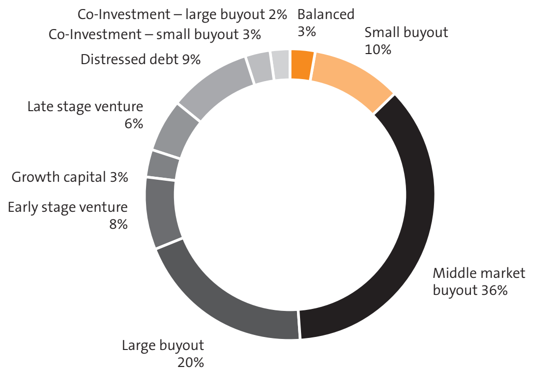
As a result, Castle's net liquidity position strengthened further during the course of the year. During 2014, underlying partnerships distributed an amount of over USD 165 million versus USD 171 million for the year 2013. With over USD 49 million received from realised investments, the fourth quarter 2014 was the most lucrative for distributions. Substantial exits from the portfolio and main contributors to the positive cash inflows included Kennet Partners sale of Prolexic Technologies in February 2014. Prolexic Technologies is a US based provider of security solutions for protecting web sites, data centres and enterprise IP applications. Also very cash generative was the IPO and subsequent sale of Stock Spirits, a leading spirits business in Central and Eastern Europe, by Oaktree Capital Management.

Capital calls stopped at USD 30 million for 2014, equivalent to 30 per cent of initial uncalled capital. This capital was mainly used to support add-on acquisitions, some new investments and partnership fees. In the previous year, capital calls amounted to USD 46 million or 28 per cent of initial uncalled.

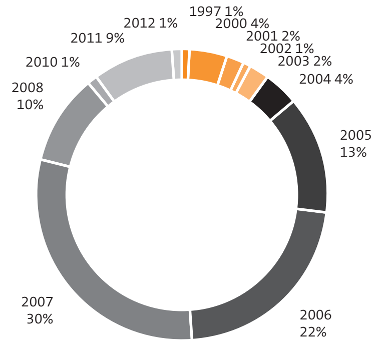
Asset allocation (asset value)

Per December 2014

Financing stage



Vintage year



Major underlying company positions in 2014[1)]

Year invested	Partnership	Company	Sector, location
2012	Stirling Square Capital Partners Omni Co-Investment, L.P.	Omni Helicopters International	transportation, Portugal
2007	CDH China Fund III, L.P. CDH Supplementary Fund III, L.P.	WH Group	food processing, China
2007	Columbia Capital Equity Partners IV (Non-US), L.P.	Communications Infrastructure	telecoms infrastructure, US
2012	E-Center Network Castilla y Leon, S.L. (Ambuiberica)	Ambuibérica	healthcare, Spain
2007	Battery Ventures VII, L.P. Silver Lake Partners II, L.P. TPG Partners IV, L.P. TPG Partners V, L.P.	Sabre Holdings	travel services, US
2011	CD&R Bounce Co-Investor, L.P.	Spie	construction, France
2008	Newbridge Asia IV, L.P.	Bank Tabungan Pensiunan Nasional	bank, Indonesia
2010	Arsenal Capital Partners QP II-B, L.P.	Royal Adhesives & Sealants	chemicals, 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	Clayton, Dubilier & Rice Fund VII (Co-Investment), L.P. Clayton, Dubilier & Rice Fund VII, L.P.	The ServiceMaster Company	food distribution, US
2008	TPG Partners IV, L.P. TPG Partners V, L.P.	Biomet	medical devices, US
2010	TPG Partners V, L.P. TPG Partners VI, L.P.	IMS Health	healthcare, US
2010	STG III, L.P.	First Advantage	consumer data, US
2004	Warburg Pincus International Partners, L.P. Warburg Pincus Private Equity VIII, L.P.	Kosmos Energy	oil exploration and production, US
2010	Polish Enterprise Fund VI, L.P.	Profi Rom Food	supermarket, Romania
2003	Warburg Pincus Private Equity VIII, L.P.	Antero Entities	oil exploration and production, US
2006	SB Asia Investment Fund II, L.P.	Just Dial	online search engine, India
2005	SB Asia Investment Fund II, L.P.	MakeMyTrip	online travel sales, India
2011	Fortress Investment Fund V (Fund D), L.P.	Springleaf Financial	consumer lending, US
2002	Jerusalem Venture Partners IV, L.P. Jerusalem Venture Partners IV, L.P. (Secondary – Vermont)	Cyber-Ark Software	online security software, US

1) Based on the latest available financial statements from the underlying private equity partnerships, i.e. primarily 30 September 2014.

Over 50 per cent of uncalled capital considered stale

Uncalled capital further reduced to USD 75 million or 14 per cent of NAV

Castle terminated its investment activity with the adoption of the harvesting strategy in April 2012. The amount of uncalled capital – commitments that underlying funds can still call for new investments – was reduced further by USD 25 million to USD 75 million or 14 per cent of total net assets. Roughly 22 per cent or USD 16 million of outstanding commitments related to partnerships which reached their liquidation phase and therefore should not call any further funds. Over 50 per cent or USD 38 million of uncalled capital can be attributed to funds that were launched by or before 2006. Only limited additional calls from these funds should be expected, even though the actual cancellation of the uncalled capital will usually only be accounted for on the liquidation of the respective investments. The remainder of uncalled capital (USD 20 million) stems from 2007 and younger funds and may still be called to a significant extent in the coming years.

Over USD 290 million returned to shareholders since implementation of harvesting strategy

Continued distributions to shareholders

These developments continued to allow the company to repay capital to shareholders. Since implementation of the harvesting strategy in April 2012, Castle Private Equity returned over USD 175 million to shareholders via capital repayments from general legal reserves. Furthermore, over USD 115 million has been used by the company to buy back its own shares for cancellation. These shares have been deducted from net asset value. Overall, Castle Private Equity realised proceeds of over USD 290 million, which is equivalent to over 43 per cent of the total NAV as per end of April 2012.

Increasing maturity combined with favourable exit conditions should further support cash generation

Going forward, the portfolio can be expected to remain significantly cash generative. A further maturing portfolio, responsive exit conditions combined with a decreasing amount of cash required to meet uncalled capital commitments and substantial cash flows are expected to be available for future share buybacks or for pay-out to investors.

While the remaining portfolio is of high quality, the investment manager continues to benchmark expected returns with current pricing and may, should pricing on the secondary market prove attractive, consider accelerating the realisation of the portfolio in a punctual way.

Yours sincerely,

LGT Private Equity Advisers AG

Report of the statutory auditor on the consolidated financial statements

to the general meeting of
Castle Private Equity AG, Pfäffikon

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Castle Private Equity AG, which comprise the balance sheet, statement of comprehensive income, statement of cash flows, statement of changes in equity and notes (pages 16 to 63), for the year ended 31 December 2014.

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 2014 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.

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	**Julian Zurkirchen**
Audit expert	Audit expert
Auditor in charge	

Zurich, 3 March 2015

Consolidated statement of comprehensive income

For the year ended 31 December 2014 (all amounts in USD thousands unless otherwise stated)

	Note	2014	2013
Income			
Income from non-current assets:			
Net gain on financial instruments designated at fair value through profit or loss	12	55,203	80,748
Net gain on derivative financial instruments designated at fair value through profit or loss	12	725	741
Total gains from non-current assets		**55,928**	**81,489**
Income from current assets:			
Net loss on securities designated at fair value through profit or loss	12	(384)	(73)
(Loss)/Gain on foreign exchange net		(425)	738
Interest income	5	21	29
Other income		39	42
Total (losses)/gains from current assets		**(749)**	**736**
Total income		**55,179**	**82,225**
Expenses			
Management and performance fees	6	(18,874)	(12,740)
Expenses from investments		(1,144)	(3,287)
Other operating expenses	7	(1,619)	(1,777)
Total operating expenses		**(21,637)**	**(17,804)**
Operating profit		**33,542**	**64,421**
Finance costs	8	(5)	(3)
Profit for the year before taxes		**33,537**	**64,418**
Taxes	9	(713)	(3,774)
Profit for the year after taxes		**32,824**	**60,644**
Total comprehensive income for the year		**32,824**	**60,644**
Profit attributable to:			
Shareholders		32,824	60,644
Non-controlling interests		—	—
		32,824	**60,644**
Total comprehensive income attributable to:			
Shareholders		32,824	60,644
Non-controlling interests		—	—
		32,824	**60,644**
Earnings per share (USD) attributable to equity holders	2 (o)		
Weighted average number of shares outstanding during the year		34,706,597	37,039,041
Basic profit per share		USD 0.95	USD 1.64
Diluted profit per share		USD 0.95	USD 1.64

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

Consolidated balance sheet

As of 31 December 2014 (all amounts in USD thousands unless otherwise stated)

	Note	2014	2013
Assets			
Current assets:			
Cash and cash equivalents	10	26,868	34,947
Other current assets	11	273	224
Total current assets		**27,141**	**35,171**
Non-current assets:			
Investments designated at fair value through profit or loss	12	503,628	585,112
Derivative financial instruments designated at fair value through profit or loss	12	1,228	1,069
Total non-current assets		**504,856**	**586,181**
Total assets		**531,997**	**621,352**
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	14	15,295	8,830
Total current liabilities		**15,295**	**8,830**
Equity			
Shareholders' equity:			
Share capital	15	121,213	127,677
Additional paid-in capital	15	62,965	121,210
Less treasury shares at cost	15	(4,856)	(4,856)
Less treasury shares 2nd line at cost (bought for cancellation)	15	(21,505)	(17,959)
Retained earnings		358,884	386,449
Total shareholders' equity before non-controlling interests		**516,701**	**612,521**
Non-controlling interests		**1**	**1**
Total equity		**516,702**	**612,522**
Total liabilities and equity		**531,997**	**621,352**
Net asset value per share (USD):	2 (o)		
Number of shares issued as at year end		35,630,000	37,530,000
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	(1,482,000)	(1,206,500)
Number of shares outstanding net of treasury shares as at year end		33,572,115	35,747,615
Net asset value per share		**15.39**	**17.13**

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

Consolidated statement of cash flows

For the year ended 31 December 2014 (all amounts in USD thousands unless otherwise stated)

	Note	2014	2013
Cash flows from/(used in) operating activities:			
Purchase of investments		(24,885)	(26,116)
Purchase of securities		(4,272)	(3,373)
Proceeds from callable return of invested capital in investments		6,883	8,685
Proceeds from return of invested capital in investments		80,349	82,992
Proceeds from realised gains on investments		74,886	76,131
Proceeds from sales of securities		3,899	6,533
Interest received	5	21	29
Proceeds from other realised income		24	1
Investment expenses paid		(1,144)	(3,256)
Withholding tax for investments	9	(713)	(3,767)
Other operating expenses paid	6,7	(13,985)	(12,000)
Capital tax paid		(31)	(28)
Net cash flows from operating activities		**121,032**	**125,831**
Cash flows from/(used in) financing activities:			
Finance costs		(124)	(138)
Proceeds from bank borrowings	13	—	2,500
Repayments of bank borrowings	13	—	(2,500)
Purchase of treasury shares 2nd line (bought for cancellation)	15	(31,192)	(55,571)
Capital repayments to investors	15	(97,301)	(78,782)
Net cash flows used in financing activities		**(128,617)**	**(134,491)**
Net decrease in cash and cash equivalents		**(7,585)**	**(8,660)**
Cash and cash equivalents at beginning of year	10	**34,947**	**42,877**
Exchange (loss)/gain on cash and cash equivalents		(494)	730
Cash and cash equivalents at end of year		**26,868**	**34,947**
Cash and cash equivalents consist of the following as at 31 December:			
Cash at banks		7,868	4,947
Time deposits < 90 days		19,000	30,000
Total		**26,868**	**34,947**

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

Consolidated statement of changes in equity

For the year ended 31 December 2014 (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 2013	**141,863**	**171,296**	**(28,003)**	**400,199**	**1**	**685,356**
Total comprehensive income for the year	—	—	—	60,644	—	60,644
Purchase of treasury shares 2nd line (bought for cancellation)	—	—	(54,697)	—	—	(54,697)
Cancellation of treasury shares 2nd line	(14,186)	—	59,885	(37,616)	—	8,083
Impact of CHF/USD historical rates on the cancellation of treasury shares	—	—	—	(8,083)	—	(8,083)
Capital repayments to investors	—	(50,086)	—	—	—	(50,086)
Impact of CHF/USD historical rates on the capital repayments to investors	—	—	—	(28,695)	—	(28,695)
31 December 2013	**127,677**	**121,210**	**(22,815)**	**386,449**	**1**	**612,522**
1 January 2014	**127,677**	**121,210**	**(22,815)**	**386,449**	**1**	**612,522**
Total comprehensive income for the year	—	—	—	32,824	—	32,824
Purchase of treasury shares 2nd line (bought for cancellation)	—	—	(31,342)	—	—	(31,342)
Cancellation of treasury shares 2nd line	(6,464)	—	27,796	(17,328)	—	4,004
Impact of CHF/USD historical rates on the cancellation of treasury shares	—	—	—	(4,004)	—	(4,004)
Capital repayments to investors	—	(58,245)	—	—	—	(58,245)
Impact of CHF/USD historical rates on the capital repayments to investors	—	—	—	(39,057)	—	(39,057)
31 December 2014	**121,213**	**62,965**	**(26,361)**	**358,884**	**1**	**516,702**

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

Notes to the consolidated financial statements

For the year end 31 December 2014
(All amounts in USD thousands unless otherwise stated)

1 Organisation and business activity

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

Subsidiaries

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

Castle Private Equity (International) plc, Dublin, was established on 18 December 2000 as an open-ended investment company with variable capital under the laws of Ireland. Its capital amounted to TUSD 519,142 per 31 December 2014 (per 31 December 2013: TUSD 616,670). 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) Ltd. and LGT Fund Managers (Ireland) Limited. The participating shares are entirely held by the Overseas Subsidiary. The Company is an open-ended investment company with variable capital and limited liability authorised by the Central Bank of Ireland pursuant to the provisions of Part XIII of the Companies Act, 1990. The Group consolidates the Ireland Subsidiary in compliance with IFRS 10.

Stock market listing

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

Business activity
The investment policy aims at a maximisation of the long-term value advancement by way of realising the Group's funds by harvesting the portfolio or private equity investments as their underlying assets are realised.

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. No assurance can be given that the Group's investment objective will be achieved and investment results may vary substantially over time.

From its inception in 1997 until 2012, the Group operated as an evergreen investment entity, re-investing proceeds from realisations into new investments. Following a vote at a shareholders' meeting in April 2012, the Company embarked upon a realisation strategy.

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 2014 and 31 December 2013 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 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB) and comply with Swiss Law and the accounting guidelines laid down in the SIX Swiss Exchange's Directive on Financial Reporting (DFR) for investment companies.

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

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

For the capital repayments to investors and treasury shares cancellations which took place in 2013 and 2014, the resulting differences between the historical rates and the exchange rates at the time of the transactions have been recognised in retained earnings, as shown in the consolidated statement of changes in equity on page 19.

a) Standards and amendments to published standards that are mandatory for the financial year beginning on or after 1 January 2014

– Amendments to IAS 32, "Offsetting financial assets and financial liabilities", (effective 1 January 2014). These amendments clarify the offsetting criteria in IAS 32 and address inconsistencies in their application. This includes clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. These amendments required additional disclosures in the Group's consolidated financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2014 that would be expected to have a material impact on the Group.

b) Standards and amendments to published standards effective after 1 January 2014 that have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group, except the following set out below:

– IFRS 9, "Financial instruments", (effective 1 January 2018). 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; and
– Amendments to IFRS 10, IFRS 12 and IAS 28, "Investment Entities: Applying the Consolidation Exception", (effective for annual periods beginning on or after 1 January 2016).
  These amendments clarify the following:
  Exemption from preparing consolidated financial statements. The amendments confirm that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.

A subsidiary providing services that relate to the parent's investment activities. A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.

Application of the equity method by a non-investment entity investor to an investment entity investee. When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

Disclosures required. An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

The Group has yet to assess the full impact of this standard and has not yet decided when to adopt it.

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

c) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates. See also note 2 h) iii).

d) Basis of consolidation

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

The consolidated financial statements include all assets and liabilities of the Company and its direct and indirect subsidiaries:

- Castle Private Equity (Overseas) Ltd., Cayman Islands; and
- Castle Private Equity (International) plc, Ireland.

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

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

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

e) Associates

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

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

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

As of 31 December 2014	**Chancellor Private Capital Offshore Partners II, L.P. – in liquidation[1] TUSD**	**Chancellor Offshore Partnership Fund, L.P.[2] TUSD**
Total assets	—	4,074
Total liabilities	—	(91)
Revenue	—	—
Profit	—	(4)

[1] In liquidation since 2012.
[2] The September 2014 figures have been annualised.

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

[1] In Liquidation since 2012.
[2] The September 2013 figures have been annualised

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

f) Foreign currency

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

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

g) Cash and cash equivalents

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

h) Financial instruments

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

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

(i) Recognition

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

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

(ii) Measurement

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

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

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

- reference to the fund investment's reporting information including consideration of any time lags between the date of the latest available reporting and the balance sheet date of the Group in those situations where no December valuation of the underlying fund is available (65.1 per cent of private equity assets). This includes a detailed analysis of exits (trade sales, initial public offerings, etc.) which the fund investments have gone through in the period between the latest available reporting and the balance sheet date of the Group, as well as other relevant valuation information. This information is a result of continuous contact with the investment managers and, specifically, by monitoring calls made to the investment managers, distribution notices received from the investment managers in the period between the latest available report and the balance sheet date of the Group, as well as the monitoring of other financial information sources and the assessment thereof;
- reference to recent transaction prices;
- result of operational and environmental assessments: periodic valuation reviews are made of the valuations of the underlying investments as reported by the investment managers to determine if the values are reasonable, accurate and reliable. These reviews include a fair value estimation using widely recognised valuation methods such as multiples analysis and discounted cash flow analysis;
- review of management information provided by the managers/administrators of the fund investments on a regular basis; and
- mark-to-market valuations for quoted investments held by the managers/administrators of the fund investments which make up a significant portion of the Group's net asset value.

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

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

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

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

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

(vii) Offsetting
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

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

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

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

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

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

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

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

n) Share capital
The share capital of the Company at 31 December 2014 amounts to TCHF 178,150 (TUSD 121,213) consisting of 35,630,000 issued an fully paid registered shares with a par value of CHF 5 each. Each share entitles the holder to participate in any distribution of income and capital.

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

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

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

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

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

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

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

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

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

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

3 Critical accounting estimates

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

	2014 TUSD	2013 TUSD
Fair value of investments designated at fair value through profit or loss whose valuations were adjusted	0	964
% of total fair value of investments designated at fair value through profit or loss	**0.00%**	**0.16%**

One investment was written off during the year to 31 December 2014. If valuation adjustments had not been made, shareholders' equity would have increased to TUSD 517,547 (31 December 2013: an increase to TUSD 613,484).

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	2014 USD	2013 USD
Year-end rates			
Swiss Francs	1 CHF	1.006441	1.124733
British Pound	1 GBP	1.559200	1.656101
Euro	1 EUR	1.210100	1.378000

Foreign exchange rates	Unit	2014 USD	2013 USD
Average annual rates			
Swiss Francs	1 CHF	1.090586	1.082625
British Pound	1 GBP	1.645567	1.569637
Euro	1 EUR	1.323366	1.328540

5 Interest income

Interest income for the year was earned on:

Interest income	2014 TUSD	2013 TUSD
Interest income from deposit at related party	1	12
Interest income from deposit at third party	20	17
Total	**21**	**29**

6 Management and performance fees

Management and performance fees are composed as follows:

Management and performance fees	2014 TUSD	2013 TUSD
Management fee – related party	5,970	6,505
Performance fee – related party	12,904	6,235
Total	**18,874**	**12,740**

7 Other operating expenses

Other operating expenses are composed as follows:

Other operating expenses	2014 TUSD	2013 TUSD
Related party fees:		
Credit facility standby fees	121	190
Administrative fees	355	383
Directors' fees and expenses	231	264
Domicile fees	10	11
Third party fees:		
Custody fees	189	198
Annual and quarterly reports	75	87
Legal fees	46	76
Tax advisory fees	99	110
Audit fees	195	178
Project expenses	4	2
Capital taxes	28	28
Other expenses	266	250
Total	**1,619**	**1,777**

8 Finance costs

Interest expense for the year was paid on:

Finance costs	2014 TUSD	2013 TUSD
Due to banks – related party	—	1
Due to banks – third party	5	2
Total	**5**	**3**

9 Taxes

Reconciliation of income tax calculated with the applicable tax rate:

Income tax reconciliation	2014 TUSD	2013 TUSD
Profit for the year before income tax	33,537	64,418
Applicable tax rate	7.8%	7.8%
Income tax	2,616	5,025
Effect from: non-taxable income	(2,616)	(4,963)
Total	—	**62**

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

Taxes	2014 TUSD	2013 TUSD
Withholding tax for investments	713	3,712
Income tax	—	62
Total	**713**	**3,774**

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

10 Cash and cash equivalents

Cash and cash equivalents consist of:

Cash and cash equivalents	2014 TUSD	2013 TUSD
Cash at banks		
Related party	1,421	439
Third party	6,447	4,508
Time deposit		
Third party	19,000	30,000
Total	**26,868**	**34,947**

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

Cash flow reconciliation

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

	Investments			Marketable securities	
1 January 2014 – 31 December 2014	**Additions (capital calls)**	**Disposals (returns of capital)**	**Realised gains and losses**	**Additions (capital calls)**	**Disposals (returns of capital) and realised losses**
Movement schedule (page 40)	**19,033**	**(80,897)**	**(74,801)**	**4,272**	**(4,272)**
Cash flows for investment activities	—	80,349	74,431	—	4,272
Purchase of investments	(24,885)	—	—	—	—
Proceeds from callable return of invested capital in investments	6,883	—	—	—	—
Non-cash transactions					
Deemed distributions and account reclassification[1]	(1,031)	679	239	—	—
In kind distributions[2]	—	—	—	(4,272)	—
Revaluation of foreign currency positions[3]	—	(131)	131	—	—
Accounts receivable	—	—	—	—	—
Total cash and non-cash transactions	**(19,033)**	**80,897**	**74,801**	**(4,272)**	**4,272**
Reconciliation	—	—	—	—	—

	Investments			Marketable securities	
1 January 2013 – 31 December 2013	**Additions (capital calls)**	**Disposals (returns of capital)**	**Realised gains and losses**	**Additions (capital calls)**	**Disposals (returns of capital) and realised losses**
Movement schedule (page 41)	**19,057**	**(85,341)**	**(78,797)**	**6,606**	**(6,606)**
Cash flows for investment activities	—	82,992	76,131	(3,373)	6,606
Purchase of investments	(26,116)	—	—	—	—
Proceeds from callable return of invested capital in investments	8,685	—	—	—	—
Non-cash transactions					
Deemed distributions and account reclassification[1]	(1,626)	2,517	2,498	(3,233)	—
In kind distributions[2]	—	—	—	—	—
Revaluation of foreign currency positions[3]	—	(168)	168	—	—
Accounts receivable	—	—	—	—	—
Total cash and non-cash transactions	**(19,057)**	**85,341**	**78,797**	**(6,606)**	**6,606**
Reconciliation	—	—	—	—	—

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	2014 TUSD	2013 TUSD
Receivable from investments	224	124
Other receivables	49	100
Total	**273**	**224**

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

As of 31 December 2014 the Group had subscribed interests in 112 (31 December 2013: 114) 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 1,323,111 (31 December 2013: TUSD 1,388,515) of which TUSD 1,248,606 (31 December 2013: TUSD 1,288,558) was paid in. The details of the investments are shown in the investment table on pages 35 to 39.

All investments generally have an investment period of nine years or more and are subject to restrictions on transferability or disposal. The following partnerships do not directly invest into companies but invest in other private equity partnerships:

- Chancellor Partnership Fund, L.P.
- Landmark Equity Partners III, L.P.
- Invesco Venture Partnership Fund II, L.P.
- Crown Global Secondaries plc
- Crown Asia-Pacific Private Equity plc
- Crown European Buyout Opportunities II plc
- Portpep Ltd. – Conversus Capital L.P.

The board of directors, together with the investment manager, has reviewed the valuation of the underlying private equity investments per 31 December 2014.

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

As of 31 December 2014 (all amounts in USD thousands unless otherwise stated)

	Deal currency	Vintage year	Geography	Commitment 31.12.2013	Cost 1.1.2013	Cost 31.12.2013	Fair value 31.12.2013	Commitment 31.12.2014	Cost 31.12.2014	Fair value 31.12.2014	FMV in %
Balanced stage											
Chancellor Offshore Partnership Fund, L.P.	USD	1997	North America	235,000	—	—	4,748	235,000	—	4,007	0.79%
Chancellor Partnership Fund, L.P.	USD	1997	North America	14,518	—	—	386	14,518	—	118	0.02%
Landmark Equity Partners III, L.P. (Secondary – Vinegar)[2),5)]	USD	1998	North America	12,171	—	—	154	12,171	—	16	0.00%
Crown Global Secondaries plc	USD	2004	North America	30,000	11,511	9,412	11,141	30,000	7,732	8,235	1.63%
Conversus Capital, L.P.	USD	2007	North America	—	6,729	—	—	—	—	—	0.00%
Total balanced stage				**291,689**	**18,240**	**9,412**	**16,429**	**291,689**	**7,732**	**12,376**	**2.45%**
Buyout stage											
Large buyout											
Doughty Hanson & Co III, L.P. 15	USD	1997	Europe	10,000	2,292	2,292	1,899	10,000	2,292	1,589	0.31%
Clayton, Dubilier & Rice Fund VI, L.P.	USD	1998	North America	10,000	4,427	3,414	853	10,000	2,600	39	0.01%
Silver Lake Partners, L.P.	USD	1999	North America	—	1,087	—	—	—	—	—	0.00%
BC European Capital VII[3)]	EUR	2000	Europe	13,780	2,177	2,159	247	12,101	2,132	61	0.01%
Permira Europe II, L.P. II[3)]	EUR	2000	Europe	13,780	2,576	2,340	481	12,101	2,340	613	0.12%
T3 Parallel, L.P.	USD	2000	North America	3,740	—	—	10	3,740	—	3	0.00%
TPG Parallel III, L.P.	USD	2000	North America	5,000	1,469	1,300	428	5,000	1,300	146	0.03%
T3 Parallel II, L.P.	USD	2001	North America	5,000	1,520	1,520	609	5,000	1,520	686	0.14%
Warburg Pincus Private Equity VIII, L.P.	USD	2001	North America	15,000	2,816	193	8,324	15,000	—	6,765	1.34%
Permira Europe III, L.P. II[3)]	EUR	2003	Europe	13,780	6,290	6,087	3,976	12,101	4,747	2,914	0.58%
TPG Partners IV, L.P.	USD	2003	North America	15,000	9,673	8,200	7,111	13,954	7,298	5,040	1.00%
Silver Lake Partners II, L.P.	USD	2004	North America	10,000	5,665	4,734	4,579	10,000	4,221	5,034	1.00%
Silver Lake Partners, L.P. (Secondary – Silver)[5)]	USD	2004	North America	—	178	—	—	—	—	—	0.00%
Clayton, Dubilier & Rice Fund VII, L.P.	USD	2005	North America	15,000	10,077	7,561	10,744	15,000	4,592	8,030	1.59%
Greenhill Capital Partners II, L.P.	USD	2005	North America	10,000	5,439	5,502	3,737	10,000	5,472	2,515	0.50%
KKR European Fund II, L.P.[3)]	EUR	2005	Europe	13,780	11,117	8,835	8,458	12,101	7,334	5,066	1.00%
First Reserve XI, L.P.	USD	2006	North America	15,000	12,247	10,873	10,658	15,000	10,549	8,089	1.60%
Permira IV, L.P. 2[3)]	EUR	2006	Europe	14,469	10,657	8,776	6,999	12,705	6,357	4,490	0.89%
TPG Partners V, L.P.	USD	2006	North America	30,000	23,711	23,213	20,561	30,000	21,754	22,650	4.49%
Clayton, Dubilier & Rice Fund VII (Co-Investment), L.P.	USD	2007	North America	3,000	2,735	2,320	2,928	3,000	1,501	2,942	0.58%
Bain Capital Fund X, L.P.	USD	2008	North America	12,000	9,757	10,046	11,197	12,000	8,264	8,951	1.77%
Bain Capital X Coinvestment Fund, L.P.	USD	2008	North America	420	364	329	307	420	303	398	0.08%
TPG Partners VI, L.P.	USD	2008	North America	18,000	10,555	11,443	13,436	18,000	12,635	15,663	3.10%
Total large buyout				**246,749**	**136,829**	**121,137**	**117,542**	**237,223**	**107,211**	**101,684**	**20.14%**
Middle market buyout											
Carlyle II Co-Investments[6)]	USD	1997	North America	395	108	108	15	395	108	3	0.00%
Carlyle International Partners II, L.P.	USD	1997	North America	3,000	73	73	36	3,000	71	—	0.00%
3i Europartners IIIA, L.P.[3)]	EUR	1999	Europe	13,780	1,461	1,456	68	12,101	1,403	18	0.00%
The Triton Fund (No. 9) L.P.[3)]	EUR	1999	Europe	11,978	1,221	1,213	1,292	10,517	720	150	0.03%
Newbridge Asia III, L.P.	USD	2000	Other	10,000	1,225	1,225	73	10,000	1,217	46	0.01%

	Deal currency	Vintage year	Geography	Commitment 31.12.2013	Cost 1.1.2013	Cost 31.12.2013	Fair value 31.12.2013	Commitment 31.12.2014	Cost 31.12.2014	Fair value 31.12.2014	FMV in %
Warburg Pincus International Partners, L.P.	USD	2000	Europe	10,000	1,679	877	5,241	10,000	64	3,690	0.73%
Bain Capital Fund VII-E, L.P.	USD	2002	Europe	8,000	1,642	1,205	63	8,000	1,205	—	0.00%
J.W. Childs Equity Partners III, L.P.	USD	2002	North America	12,000	4,660	4,346	5,804	12,000	962	17	0.00%
Bain Capital Fund VIII-E, L.P.[3]	EUR	2004	Europe	13,780	8,327	6,710	6,243	12,101	6,321	4,185	0.83%
Odyssey Investment Partners III, L.P.	USD	2004	North America	10,000	3,784	3,784	5,514	10,000	1,746	2,914	0.58%
Asia Opportunity Fund II, L.P.	USD	2005	Other	7,000	3,434	2,903	2,976	7,000	2,135	18	0.00%
Newbridge Asia IV, L.P.	USD	2005	Other	10,000	6,904	5,914	8,902	10,000	3,938	2,983	0.59%
SB Asia Investment Fund II, L.P.	USD	2005	Other	7,000	3,925	3,362	11,032	7,000	3,057	13,005	2.58%
Chequers XV, FCPR[3]	EUR	2006	Europe	11,024	8,240	8,139	10,249	9,680	4,654	3,143	0.62%
Court Square Capital Partners II, L.P.	USD	2006	North America	15,000	11,127	8,853	9,609	15,000	8,143	8,866	1.76%
Polish Enterprise Fund VI, L.P.[3]	EUR	2006	Europe	13,780	9,895	9,812	10,463	12,101	10,185	12,469	2.47%
The Triton Fund II, L.P.[3]	EUR	2006	Europe	16,536	11,327	9,982	7,519	14,521	9,506	7,855	1.56%
Wellspring Capital Partners IV, L.P.	USD	2006	North America	10,000	5,951	5,448	6,459	10,000	5,356	5,917	1.17%
Advent Latin American Private Equity Fund IV, L.P.	USD	2007	Other	10,000	8,688	6,736	6,005	10,000	6,449	5,508	1.09%
CDH China Fund III, L.P.	USD	2007	Other	9,000	5,415	3,085	8,180	9,000	2,700	9,323	1.85%
CDH Supplementary Fund III, L.P.	USD	2007	Other	3,000	1,757	1,645	2,789	3,000	1,658	3,381	0.67%
Crown Asia-Pacific Private Equity plc	USD	2007	Other	40,000	27,689	27,115	32,017	40,000	24,875	32,158	6.37%
EOS Capital Partners IV, L.P.	USD	2007	North America	15,000	7,589	8,422	10,725	15,000	9,136	11,751	2.33%
Genstar Capital Partners V, L.P.	USD	2007	North America	10,000	7,356	5,871	7,268	10,000	4,722	5,704	1.13%
SAIF Partners III, L.P.	USD	2007	Other	10,000	9,650	9,650	12,451	10,000	8,696	12,451	2.47%
STG III, L.P.	USD	2007	North America	9,450	7,994	7,744	9,965	9,450	7,510	9,900	1.96%
Bain Capital Europe Fund III, L.P.[3]	EUR	2008	Europe	13,780	7,838	9,283	9,840	12,101	9,809	10,088	2.00%
Hahn & Company I, L.P.	USD	2011	Other	10,000	5,375	4,849	6,965	10,000	6,503	10,598	2.10%
Bain Capital Asia Fund II, L.P.	USD	2012	Other	10,000	1,775	2,675	3,011	10,000	4,943	5,684	1.13%
Total middle market buyout				**323,503**	**176,109**	**162,485**	**200,774**	**311,967**	**147,792**	**181,825**	**36.02%**
Small buyout											
Chequers Capital FCPR[3]	EUR	2002	Europe	11,713	4,888	4,182	4,025	10,285	3,184	1,779	0.35%
MBO Capital FCPR[3]	EUR	2002	Europe	6,890	—	—	1,377	6,051	—	1,134	0.22%
Nmas1 Private Equity Fund No.2 L.P.[3]	EUR	2002	Europe	6,890	1,401	1,381	306	6,051	1,256	195	0.04%
Arsenal Capital Partners QP II-B, L.P.	USD	2006	North America	13,000	8,692	8,907	14,604	13,000	6,264	13,584	2.69%
Bancroft II, L.P. (Secondary – Atlantic)[3,5]	EUR	2006	Europe	5,202	1,373	—	762	4,230	—	551	0.11%
J.P. Morgan Italian Fund III (Secondary – Atlantic)[3,5]	EUR	2006	Europe	10,273	6,183	6,183	964	8,213	6,183	—	0.00%
Wynnchurch Capital Partners II, L.P.	USD	2006	North America	7,500	4,602	4,223	4,528	7,500	3,723	3,102	0.61%
Crown European Buyout Opportunities II plc[3]	EUR	2007	Europe	41,340	18,542	19,936	24,433	36,303	19,680	22,404	4.44%
PortPEP Limited (Secondary – Port)[3]	EUR	2011	Europe	14,882	8,165	8,794	14,249	13,069	3,363	9,264	1.83%
Total small buyout				**117,690**	**53,846**	**53,606**	**65,248**	**104,702**	**43,653**	**52,013**	**10.30%**
Total buyout stage				**687,942**	**366,784**	**337,228**	**383,564**	**653,892**	**298,656**	**335,522**	**66.46%**

	Deal currency	Vintage year	Geography	Commitment 31.12.2013	Cost 1.1.2012	Cost 31.12.2013	Fair value 31.12.2013	Commitment 31.12.2014	Cost 31.12.2014	Fair value 31.12.2014	FMV in %
Special situations stage											
Distressed debt											
OCM Opportunities Fund IV, L.P.	USD	2001	North America	5,000	—	—	19	5,000	—	10	0.00%
OCM Principal Opportunities Fund II, L.P.	USD	2001	North America	5,000	—	—	20	5,000	—	9	0.00%
OCM Opportunities Fund IVb, L.P.	USD	2002	North America	5,000	—	—	13	5,000	—	7	0.00%
Sun Capital Securities Offshore Fund, Ltd.	USD	2004	North America	10,000	6,159	5,581	2,626	10,000	4,965	2,176	0.43%
OCM European Principal Opportunities Fund, L.P.	USD	2006	Europe	15,000	9,253	—	4,728	15,000	—	796	0.16%
OCM Principal Opportunities Fund IV, L.P.	USD	2006	North America	10,000	5,109	1,117	5,880	10,000	—	5,011	0.99%
Sun Capital Securities Offshore Fund, Ltd. (Second Tranche)	USD	2006	North America	10,000	3,263	2,294	2,409	10,000	2,131	2,472	0.49%
Fortress Investment Fund V (Coinvestment Fund D), L.P.	USD	2007	North America	7,200	6,722	6,158	4,134	7,200	5,481	3,639	0.72%
Fortress Investment Fund V (Fund D), L.P.	USD	2007	North America	7,500	6,725	6,002	7,441	7,500	4,369	7,951	1.57%
OCM Opportunities Fund VII, L.P.	USD	2007	North America	10,000	571	—	2,492	10,000	—	2,056	0.41%
Castlelake I, L.P.	USD	2007	North America	15,000	12,838	7,664	13,941	15,000	3,393	11,769	2.33%
Oaktree European Credit Opportunities Fund, L.P.[3]	EUR	2008	Europe	13,780	4,764	4,764	219	12,101	4,764	227	0.04%
OCM European Principal Opportunities Fund II, L.P.[3]	EUR	2008	Europe	10,335	8,545	4,970	8,334	9,076	2,421	5,521	1.09%
OCM Opportunities Fund VIIb, L.P.	USD	2008	North America	13,500	—	—	3,641	13,500	—	2,160	0.43%
Total distressed debt				**137,315**	**63,949**	**38,550**	**55,897**	**134,377**	**27,524**	**43,804**	**8.68%**
Total special situations stage				**137,315**	**63,949**	**38,550**	**55,897**	**134,377**	**27,524**	**43,804**	**8.68%**
Venture stage											
Early stage venture											
Chancellor Private Capital Offshore Partners II, L.P.	USD	1997	North America	25,000	—	—	—	25,000	—	—	0.00%
Strategic European Technologies N.V.[3]	EUR	1997	Europe	9,442	—	—	259	8,292	—	280	0.06%
Invesco Venture Partnership Fund II, L.P.	USD	1999	North America	15,000	2,455	2,111	1,643	15,000	1,953	1,509	0.30%
Balderton Capital I, L.P.	USD	2000	Europe	5,333	3,877	3,329	2,150	5,333	3,329	1,817	0.36%
Chancellor V, L.P.	USD	2000	North America	20,000	6,284	5,132	3,516	20,000	3,803	2,150	0.43%
Galileo III FCPR[3]	EUR	2000	Europe	8,707	3,272	3,157	3,239	7,646	2,775	2,901	0.57%
Jerusalem Venture Partners IV, L.P.	USD	2000	Other	8,000	1,510	1,061	1,731	8,000	1,061	3,090	0.61%
Galileo IIB FCPR[3]	EUR	2002	Europe	—	114	—	—	—	—	—	0.00%
Global Life Science Venture Fund II, L.P.[3]	EUR	2002	Europe	6,890	4,122	4,028	1,677	6,051	3,429	708	0.14%
Amadeus II Fund C GmbH & Co. KG (Secondary – Vermont)[4),5)]	GBP	2005	Europe	1,302	969	895	895	1,226	845	719	0.14%
Balderton Capital II, L.P.	USD	2005	Europe	4,000	3,639	3,639	674	4,000	3,578	741	0.15%
Battery Ventures VII, L.P.	USD	2005	North America	3,000	1,698	1,755	1,596	3,000	1,259	1,751	0.35%
BCPI I, L.P. (Secondary – Vermont)[5]	USD	2005	Other	1,833	1,583	1,510	563	1,833	1,510	640	0.13%
Benchmark Israel II, L.P.	USD	2005	Other	4,602	1,973	2,125	6,274	4,602	1,852	3,561	0.71%
Cipio Partners Fund III GmbH & Co. KG (Secondary – Vermont)[3),5)]	EUR	2005	Europe	13,129	4,212	4,212	6	—	—	—	0.00%
H.I.G. Venture Partners II, L.P.	USD	2005	North America	5,000	4,323	4,240	3,071	5,000	4,301	3,004	0.60%

	Deal currency	Vintage year	Geography	Commitment 31.12.2013	Cost 1.1.2013	Cost 31.12.2013	Fair value 31.12.2013	Commitment 31.12.2014	Cost 31.12.2014	Fair value 31.12.2014	FMV in %
Jerusalem Venture Partners IV, L.P. (Secondary – Vermont)[5]	USD	2005	Other	662	—	—	234	662	—	419	0.08%
Battery Ventures VIII, L.P.	USD	2007	North America	4,000	2,875	2,767	3,545	4,000	2,393	3,275	0.65%
Battery Ventures VIII Side Fund, L.P.	USD	2008	North America	1,350	702	631	984	1,050	334	430	0.09%
Carmel Ventures III, L.P.	USD	2008	Other	6,000	3,792	4,556	6,611	6,000	4,974	7,696	1.52%
Mangrove III S.C.A. SICAR[3]	EUR	2008	Europe	6,890	4,318	5,399	4,589	6,051	5,640	5,057	1.00%
Total early stage venture				**150,140**	**51,718**	**50,547**	**43,257**	**132,746**	**43,036**	**39,748**	**7.87%**
Growth capital											
Kennet III A, L.P.[3]	EUR	2007	Europe	11,024	7,946	9,220	19,040	9,681	9,265	10,239	2.03%
Summit Partners Europe Private Equity Fund, L.P.[3]	EUR	2009	Europe	9,646	4,222	3,858	3,911	8,471	4,471	4,180	0.83%
Total growth capital				**20,670**	**12,168**	**13,078**	**22,951**	**18,152**	**13,736**	**14,419**	**2.86%**
Late stage venture											
WCAS Capital Partners III, L.P.	USD	1997	North America	15,000	1,983	1,828	1,272	15,000	1,746	1,287	0.25%
TCV III (Q), L.P.	USD	1999	North America	3,500	556	557	74	3,500	556	73	0.01%
TCV IV, L.P.	USD	1999	North America	7,000	3,074	2,701	—	7,000	2,622	27	0.01%
Columbia Capital Equity Partners III (Cayman), L.P.	USD	2000	North America	5,000	2,260	2,133	1,598	5,000	1,751	1,329	0.26%
MPM BioVentures II-QP, L.P.	USD	2000	North America	5,000	3,700	3,426	315	—	—	—	0.00%
New Enterprise Associates 10, L.P.	USD	2000	North America	10,000	7,405	7,379	3,208	10,000	7,180	3,222	0.64%
Index Ventures II (Jersey), L.P.	USD	2001	Europe	7,500	3,069	3,069	1,429	7,500	2,969	1,142	0.23%
Columbia Capital Equity Partners IV (Non-US), L.P.	USD	2005	North America	10,000	5,652	4,863	10,019	10,000	4,522	9,537	1.89%
Index Ventures III (Jersey), L.P.[3]	EUR	2005	Europe	9,646	5,980	5,537	12,613	8,471	5,002	7,058	1.40%
New Enterprise Associates 12, L.P.	USD	2006	North America	5,000	4,325	4,575	4,357	5,000	4,477	3,309	0.66%
Index Ventures IV (Jersey), L.P.[3]	EUR	2007	Europe	6,890	3,756	4,177	6,222	6,051	4,338	4,634	0.92%
Total late stage venture				**84,536**	**41,760**	**40,245**	**41,107**	**77,522**	**35,163**	**31,618**	**6.26%**
Total venture stage				**255,346**	**105,646**	**103,870**	**107,315**	**228,420**	**91,935**	**85,785**	**16.99%**
Co-Investment and other											
Large buyout											
Co-Investment 1[3]	EUR	2011	Europe	4,127	4,292	4,292	5,755	3,624	4,291	6,855	1.36%
Co-Investment 2	USD	2011	Other	4,000	4,000	3,275	3,956	4,000	2,556	4,596	0.91%
Total large buyout				**8,127**	**8,292**	**7,567**	**9,711**	**7,624**	**6,847**	**11,451**	**2.27%**

	Deal currency	Vintage year	Geography	Commitment 31.12.2013	Cost 1.1.2013	Cost 31.12.2013	Fair value 31.12.2013	Commitment 31.12.2014	Cost 31.12.2014	Fair value 31.12.2014	FMV in %
Small buyout											
Co-Investment 4	EUR	2011	Europe	2,584	2,526	2,526	3,285	2,269	2,525	3,852	0.76%
Co-Investment 5	EUR	2011	Europe	5,512	3,371	3,371	8,911	4,840	5,440	10,838	2.15%
Total small buyout				**8,096**	**5,897**	**5,897**	**12,196**	**7,109**	**7,965**	**14,690**	**2.91%**
Total Co-Investment and other				**16,223**	**14,189**	**13,464**	**21,907**	**14,733**	**14,812**	**26,141**	**5.18%**
Total investments designated at fair value through profit or loss				**1,388,515**	**568,808**	**502,524**	**585,112**	**1,323,111**	**440,659**	**503,628**	**99.76%**
Derivative financial instruments designated at fair value through profit or loss											
Deferred put option (Currency Hedge)[8]	USD	2011	Other	—	338	338	1,069	—	227	1,228	0.24%
Total derivative financial instruments designated at fair value through profit or loss				**—**	**338**	**338**	**1,069**	**—**	**227**	**1,228**	**0.24%**
Total				**1,388,515**	**569,146**	**502,862**	**586,181**	**1,323,111**[7]	**440,886**	**504,856**	**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 1.210100 as of 31 December 2014 and 1.37800 as of 31 December 2013.
4) Total commitment translated from GBP value at 1.559200 as of 31 December 2014 and 1.656101 as of 31 December 2013.
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 1,248,606 (31 December 2013: TUSD 1,288,558).
8) Deferred put option in JPY/USD due to Co-Investment 2.

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

For the year ended 31 December 2014 (all amounts in USD thousands unless otherwise stated)

	2014	Value per 1 January 2014	Additions (capital calls)[2]	Disposals (returns of capital)	Unrealised gains	Unrealised losses	Value per 31 December 2014	Total realised gains/(losses) per 31 December 2014[3]	Net gains/(losses) per 31 December 2014	Uncalled commitment amount[4]
Marketable securities		—	**4,272**	**(4,272)**	—	—	—	**(384)**	**(384)**	—
Balanced stage		**16,429**	**75**	**(1,755)**	—	**(2,373)**	**12,376**	**2,000**	**(373)**	**10,858**
Buyout stage	large buyout stage	117,542	1,461	(15,389)	7,247	(9,177)	101,684	11,774	9,846	11,800
	middle market buyout stage	200,774	8,423	(23,118)	13,031	(17,285)	181,825	31,611	27,360	28,660
	small buyout stage	65,248	3,461	(13,413)	2,081	(5,364)	52,013	6,497	3,216	13,028
	Total buyout stage	**383,564**	**13,345**	**(51,920)**	**22,359**	**(31,826)**	**335,522**	**49,882**	**40,422**	**53,488**
Special situations stage	distressed debt stage	55,897	393	(11,420)	5,071	(6,137)	43,804	6,580	5,516	1,964
	Total special situations stage	**55,897**	**393**	**(11,420)**	**5,071**	**(6,137)**	**43,804**	**6,580**	**5,516**	**1,964**
Venture stage	early stage venture	43,257	858	(8,370)	7,692	(3,689)	39,748	(379)	3,626	4,261
	growth capital stage	22,951	1,339	(682)	—	(9,189)	14,419	6,233	(2,953)	3,192
	late stage venture	41,107	954	(6,032)	3,642	(8,053)	31,618	9,766	5,358	742
	Total venture stage	**107,315**	**3,151**	**(15,084)**	**11,334**	**(20,931)**	**85,785**	**15,620**	**6,031**	**8,195**
Co-Investment	large buyout stage	9,711	—	(718)	2,458	—	11,451	719	3,180	—
	small buyout stage	12,196	2,069	—	567	(142)	14,690	—	427	—
	Total Co-Investment	**21,907**	**2,069**	**(718)**	**3,025**	**(142)**	**26,141**	**719**	**3,607**	—
Total investments		**585,112**	**19,033**	**(80,897)**	**41,789**	**(61,409)**	**503,628**	**74,801**	**55,203**	**74,505**
Derivative financial instruments	Deferred put option (Currency Hedge)	1,069	—	(111)	270	—	1,228	455	725	—
	Total derivative financial instruments	**1,069**	—	**(111)**	**270**	—	**1,228**	455	**725**	—
Total investments, marketable securities and derivative financial instruments		**586,181**	**23,305**	**(85,280)**	**42,059**	**(61,409)**	**504,856**	**74,872**	**55,544**	**74,505**

[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.

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

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

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

Movement of commitments and uncalled commitments

For the year 31 December 2014 (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 2013	**282,848**	**786**	**1,028,882**	**1,403,307**
Liquidation/Sale of investments	(7,058)	—	(20,628)	(29,940)
Commitments decreased/increased	—	—	(1,080)	(1,080)
Revaluation of foreign currency commitments	—	—	—	16,228
Commitments as of 31 December 2013	**275,790**	**786**	**1,007,174**	**1,388,515**

Movement of commitments	Investments			
	TEUR	TGBP	TUSD	Total in TUSD converted at year end exchange rates
Commitments as of 1 January 2014	**275,790**	**786**	**1,007,174**	**1,388,515**
Liquidation/Sale of investments	(84)	—	(58)	(18,129)
Commitments decreased/increased	(948)	—	(1,346)	(4,379)
Revaluation of foreign currency commitments	—	—	—	(42,896)
Commitments as of 31 December 2014	**274,758**	**786**	**1,005,770**	**1,323,111**

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

Movement of uncalled commitments	Investments			
	TEUR	TGBP	TUSD	Total in TUSD converted at year end exchange rates
Uncalled commitments as of 1 January 2014	**25,549**	**104**	**64,578**	**99,956**
Commitments decreased/increased	—	—	(300)	(300)
Capital calls paid	(7,443)	—	(9,793)	(18,799)
Adjustments of uncalled due to exit of investments	(1,032)	—	(1,046)	(1,594)
Recallable distributions	(255)	—	(8)	(8)
Revaluation of foreign currency commitments	—	—	—	(4,750)
Uncalled commitments as of 31 December 2014	**16,819**	**104**	**53,431**	**74,505**

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

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

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

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

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

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

13 Due to banks

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

As at 31 December 2014 the Ireland Subsidiary also has access to a TUSD 12,000 (31 December 2013: TUSD 20,000) credit facility with LGT Bank (Ireland) Ltd. (related party) based on a loan agreement dated 3 October 2012, effective from 1 September 2012 (in replacement of the loan agreement dated 12 November 2010) and expiring on 30 June 2015. The loan amount was limited to a maximum of TUSD 30,000 from 1 September 2012 to 30 June 2013 and TUSD 20,000 from 1 July 2013 to 30 June 2014 and will be limited to a maximum of 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 Ltd. as per 31 December 2014 was in total TUSD 121 (31 December 2013: TUSD 190). 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 2014 the Overseas Subsidiary had no borrowings (31 December 2013: Nil) from LGT Bank Ltd., Vaduz.

As of 31 December 2014 the Ireland Subsidiary had no borrowings (31 December 2013: Nil) from LGT Bank (Ireland) Ltd., Dublin.

14 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of:

Accounts payable and accrued liabilities	**2014 TUSD**	**2013 TUSD**
Accrued management fee payable – related party	1,348	1,570
Accrued performance fee payable – related party	12,904	6,235
Accrued administration fee payable – related party	77	86
Accrued custody fee payable – third party	46	33
Accrued credit facility standby fee payable – related party	23	38
Accrued withholding tax treasury shares 2nd line	565	
(bought for cancellation) – third party		496
Other accrued liabilities – third party	332	372
Total	**15,295**	**8,830**

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 2014 amounts to TCHF 178,150 (TUSD 121,213) (31 December 2013: TCHF 187,650 (TUSD 127,677)) consisting of 35,630,000 (31 December 2013: 37,530,000) 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 516,701 as of 31 December 2014 (31 December 2013: TUSD 612,521).

The following capital repayments have been paid out:

- 23rd May 2013 of CHF 0.75 per share/USD 0.77 per share (at the date of payment)
- 6th December 2013 of CHF 1.25 per share/USD 1.37 per share (at the date of payment)
- 22nd May 2014 of CHF 1.25 per share/USD 1.40 per share (at the date of payment); and
- 5th December 2014 of CHF 1.40 per share/USD 1.43 per share (at the date of payment).

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

For the capital repayments to investors and treasury shares cancellations which took place in 2013 and 2014, the resulting differences between the historical rates and the rates at the time of the transactions have been recognised in retained earnings.

Treasury shares

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

During the period from 1 January to 31 December 2014 Castle Private Equity (International) plc purchased no treasury shares and no treasury shares were sold. As at 31 December 2014 the Ireland Subsidiary held in total 575,885 treasury shares (31 December 2013: 575,885). These treasury shares are treated as a deduction from the consolidated shareholders' equity using cost values of TUSD 4,856 (31 December 2013: TUSD 4,856). The gains and losses on sales of treasury shares are credited/debited to the retained earnings account.

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 2013	**575,885**	—	**4,856**	**8,120**
Number of treasury shares held by the Ireland Subsidiary as of 31 December 2013	**575,885**	—	**4,856**	**7,803**
Number of treasury shares held by the Ireland Subsidiary as of 31 December 2014	**575,885**	—	**4,856**	**8,206**

Share buyback 2nd line (bought for cancellation)

Since 2011, the Company has announced openings of second trading lines on a yearly basis for the Company's shares on the SIX Swiss Exchange. The Company is always the exclusive buyer on these trading lines and repurchases shares for the purpose of subsequently reducing its share capital. The Company has purchased treasury shares on its second trading lines according to the following summaries. These treasury shares are treated as a deduction from shareholder's equity using cost values.

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 2013	**1,726,575**	—	**23,147**	**24,345**
Additions 2013	3,649,925	14.99	54,697	49,456
Cancellation 2013	(4,170,000)	14.36	(59,885)	—
Number of treasury shares 2nd line (bought for cancellation) held by the Company as of 31 December 2013	**1,206,500**	—	**17,959**	**16,348**
Additions 2014	2,175,500	14.41	31,342	31,001
Cancellation 2014	(1,900,000)	14.63	(27,796)	—
Number of treasury shares 2nd line (bought for cancellation) held by the Company as of 31 December 2014	**1,482,000**	—	**21,505**	**21,119**

Summary of treasury shares held as of 31 December 2013	Number of shares	Average price TUSD	Total cost TUSD	Market value TUSD
Treasury shares held by Subsidiaries as of 31 December 2013	575,885	8.43	4,856	7,803
Treasury shares 2nd line (bought for cancellation) held by the Company as of 31 December 2013	1,206,500	14.89	17,959	16,348
Total of treasury shares held as of 31 December 2013	**1,782,385**	—	**22,815**	**24,151**

Summary of treasury shares held as of 31 December 2014	Number of shares	Average price TUSD	Total cost TUSD	Market value TUSD
Treasury shares held by Subsidiaries as of 31 December 2014	575,885	8.43	4,856	8,206
Treasury shares 2nd line (bought for cancellation) held by the Company as of 31 December 2014	1,482,000	14.51	21,505	21,119
Total of treasury shares held as of 31 December 2014	**2,057,885**	—	**26,361**	**29,325**

16 Major shareholders

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

Major shareholders	2014	2013
Between 3% and 5%	LGT Bank AG, Liechtenstein Deka-StBV-NW-Al II, Luxembourg	LGT Group Foundation, Liechtenstein LGT Capital Management AG, Switzerland
Between 5% and 10%	Warburg Invest, Luxembourg LGT Capital Partners AG, Switzerland (formerly LGT Capital Management AG, Switzerland)	Warburg Invest, Luxembourg Ironsides Partners, USA
Between 10% and 25%	The Goldman Sachs Group, USA Swiss Life AG, Switzerland	Abrams Capital, USA Swiss Life AG, Switzerland

17 Significant fee agreements

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

a) LGT Private Equity Advisers AG, Vaduz, acts as the investment manager and receives a management fee of total 1 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. The management fee is due quarterly (0.25 per cent) 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 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 2014 amounted to TUSD 790,019 or USD 14,44 per share (31 December 2013: TUSD 660,974 or USD 13,55 per share). The cumulative amount expended on share repurchases amounted to TUSD 129,154.

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

b) LGT Bank Ltd., 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.

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 Ltd., Vaduz acts as a custodian for Castle Private Equity AG, Pfäffikon. Custody fees incurred in 2014 and 2013 were insignificant.

Related party transactions

Entity	Related party Relationship/Agreement(s) Direct/indirect	Terms and conditions	Transaction type	2014 TUSD	2013 TUSD
Castle Private Equity (International) PLC	LGT Bank Ltd./ Administrator Services Agreement/direct	Note 10	Cash at banks	567	2
	LGT Private Equity Advisers AG/ Investment Management Agreement/direct	Note 6	Management fees	5,970	6,505
		Note 14	Management fees payable	1,348	1,570
		Note 6	Performance fees	12,904	6,235
		Note 14	Performance fees payable	12,904	6,235
	LGT Fund Managers (Ireland) Ltd./ Management Agreement/direct	Note 7	Administration fees	237	255
		Note 14	Administration fees payable	56	62
	LGT Bank (Ireland) Limited/ Loan Agreement/direct	Note 5	Interest income on time deposits	—	10
		Note 7	Credit facility standby fees	49	76
		Note 14	Credit facility standby fees payable	9	15
		Note 8	Interest expense	—	1
	LGT Fund Managers (Ireland) Ltd./ Investment Management Agreement/indirect	No direct fees	Investment management fees	—	—
	LGT Capital Partners Ltd./ 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) Ltd./ Administration Services Agreement/direct	Note 7	Administration fees	89	98
		Note 14	Administration fees payable	21	24
	LGT Bank Ltd./ Loan Agreement/direct	Note 10	Cash at banks	199	50
		Note 5	Interest income	1	2
		Note 7	Credit facility standby fees	72	114
		Note 14	Credit facility standby fees payable	14	23
	LGT Private Equity Advisers AG/ Investment Management Agreement/direct	Note 17	Management fees	—	—
	LGT Capital Partners Ltd./ LGT Private Equity Advisers AG/ Consulting Agreement/indirect	No direct fees	Consulting fees	—	—
	LGT Capital Partners Ltd./ LGT Private Equity Advisers AG/ Advisory Agreement/ indirect	No direct fees	Advisory fees	—	—
	Directors/indirect	Note 7/18	Directors' fees	11	13
Castle Private Equity AG	LGT Bank Ltd./ Administrator Services Agreement/direct	Note 7	Administration fees	30	30
		Note 10	Cash at banks	655	388
	LGT Capital Partners Ltd./ Domicile Agreement/direct	Note 7	Domicile fees	10	11
	Directors/direct	Note 7/18	Directors' fees	219	251

The table below shows the remuneration for the members of the board of directors in 2014 and 2013. In addition, the Group paid in 2014 a directors and officers liability insurance fee of TUSD 14 (31 December 2013: TUSD 15). Travel expenses amounted to TUSD 14 (31 December 2013: TUSD 33).

Board remuneration is defined and paid out in CHF. See also note 8 of the company financial statements on pages 71 and 72. Dr Marcel Erni and James Pluhar have waived any remuneration as board member. Robert Knapp has waived any remuneration as board member for the financial year 2013. Heinz Nipp has waived the additional remuneration related to his chairmanship of the remuneration committee in 2014. James Pluhar resigned as a member of the board on 7 February 2014.

Compensation and expenses	**2014 TUSD**	**2013 TUSD**
Chairman	66	69
Deputy chairman	52	65
Committee chairman	52	52
Members	49	65
Total	**219**	**251**

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 2014				
Income				
Net gain on investments designated at fair value through profit or loss	26,018	8,966	20,219	55,203
Net gain on derivative investments designated at fair value through profit or loss	—	—	725	725
Net loss on securities investments designated at fair value through profit or loss	(384)	—	—	(384)
Other loss	—	(365)	—	(365)
Total income	**25,634**	**8,601**	**20,944**	**55,179**

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

The assets are geographically allocated as follows:

	2014 TUSD		2013 TUSD	
Assets				
North America	183,103	34.4%	214,491	34.5%
Europe	217,903	41.0%	274,414	44.2%
Other	130,991	24.6%	132,447	21.3%
Total assets	**531,997**	**100.0%**	**621,352**	**100.0%**

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

20 Financial risk management

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

a) Market risks

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

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 2014, the Group's market risk is affected by two main components: changes in actual market prices and foreign currency movements. Foreign currency movements are covered in note 20 a) (ii) and note 2 f).

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

	2014 TUSD	**2013 TUSD**
Financial assets at fair value through profit or loss	503,628	585,112
Total assets subject to market risk	503,628	585,112
Annual expected volatility	11.57%	12.72%
Potential impact on statement of financial position and statement of comprehensive income	58,270	74,414

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

As mentioned in note 2 h) the Group uses 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. For 2014, no investments were revalued by the Group.

There was no impact on the consolidated statement of comprehensive income and shareholders' equity due to revaluations by the Group (31 December 2013: TUSD —1,070). Had revaluations occurred and 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 0 or TUSD 0 respectively (31 December 2013: TUSD 357 or TUSD —425).

(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 2014, had the exchange rate between the Euro and the US Dollar increased or decreased by 12,2 per cent with all other variables held constant, the increase or decrease to the consolidated statement of comprehensive income and shareholders' equity would have amounted to approximately USD 18,124 (31 December 2013: 4.5 per cent or USD 8,461). Movements in the other foreign currencies wouldn't have had a significant impact on the consolidated financial statements.

Currency risk

As of 31 December 2014	**USD TUSD**	**EUR TUSD**	**GBP TUSD**	**CHF TUSD**	**JPY TUSD**	**Total TUSD**
Assets						
Cash and cash equivalents	26,284	—	—	584	—	26,868
Other current assets[1]	182	91	—	—	—	273
Investments designated at fair value through profit or loss	354,179	148,729	720	—	—	503,628
Derivative financial instruments designated at fair value through profit or loss	6,165	—	—	—	—	6,165
Total assets	**386,810**	**148,820**	**720**	**584**	—	**536,934**
Liabilities						
Accounts payable and accrued liabilities[1]	14,650	72	—	573	—	15,295
Derivative financial instruments designated at fair value through profit or loss	—	—	—	—	6,006	6,006
Total liabilities	**14,650**	**72**	—	**573**	**6,006**	**21,301**

As of 31 December 2013	**USD TUSD**	**EUR TUSD**	**GBP TUSD**	**CHF TUSD**	**JPY TUSD**	**Total TUSD**
Assets						
Cash and cash equivalents	34,419	—	—	528	—	34,947
Other current assets[1]	181	43	—	—	—	224
Investments designated at fair value through profit or loss	394,203	190,014	895	—	—	585,112
Derivative financial instruments designated at fair value through profit or loss	9,165	—	—	—	—	9,165
Total assets	**437,968**	**190,057**	**895**	**528**	—	**629,448**
Liabilities						
Accounts payable and accrued liabilities[1]	8,267	60	—	503	—	8,830
Derivative financial instruments designated at fair value through profit or loss	—	—	—	—	8,424	8,424
Total liabilities	**8,267**	**60**	—	**503**	**8,424**	**17,254**

[1] Provided for reconciliation purposes only.

Foreign exchange rates	2014 USD	2013 USD	Impact %
Year-end rates			
Exchange rate CHF/USD	1.006441	1.124733	(10.5%)
Exchange rate EUR/USD	1.210100	1.378000	(12.2%)
Exchange rate GBP/USD	1.559200	1.656101	(5.9%)

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

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

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

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

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

Interest rate risk

As of 31 December 2014	Less than 1 month TUSD	1 – 3 months TUSD	Non-interest bearing TUSD	Total TUSD
Assets				
Cash and cash equivalents	26,868	—	—	26,868
Other current assets[1]	—	—	273	273
Investments designated at fair value through profit or loss	—	—	503,628	503,628
Derivative financial instruments designated at fair value through profit or loss	—	—	1,228	1,228
Total assets	**26,868**	—	**505,129**	**531,997**
Liabilities				
Accounts payable and accrued liabilities[1]	—	—	15,295	15,295
Total current liabilities	—	—	**15,295**	**15,295**

[1] Provided for reconciliation purposes only.

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

[1] Provided for reconciliation purposes only.

b) Credit risk

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

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

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

Credit risk

As of 31 December 2014	Fully performing TUSD	Total TUSD	S&P Rating
Cash at LGT Bank Ltd., Vaduz	1,422	1,422	A+
Cash at Credit Suisse (International) Dublin Branch	19,501	19,501	A
Cash at Zürcher Kantonalbank, Zürich	5,905	5,905	AAA
Cash at Stifel Nicolaus Weisel	40	40	n/a
Other current assets[1]	273	273	n/a
Deferred put option	1,228	1,228	n/a
Total exposure to credit risks	**28,369**	**28,369**	

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

[1] Provided for reconciliation purposes only.

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 18,000 (31 December 2013: TUSD 30,000) credit facility with LGT Bank Ltd., Vaduz and the Ireland Subsidiary has access to a TUSD 12,000 (31 December 2013: TUSD 20,000) credit facility with LGT Bank (Ireland) Ltd. The Group also has a cash at bank position at 31 December 2014 of TUSD 26,868 (31 December 2013: TUSD 34,947). The amounts outstanding on the total committed capital of the investments as of 31 December 2014 are TUSD 74,505 (31 December 2013: TUSD 99,956) which are callable at any time. These amounts are off balance sheet and will be called up over the life of the investments. A large portion of these open commitments will be covered by distributions from the more mature investments.

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

Liquidity risk

As of 31 December 2014	**Less than 1 month TUSD**	**1 – 3 months TUSD**	**Total TUSD**
Liabilities			
Accounts payable and accrued liabilities[1]	689	14,606	15,295
Total current liabilities	**689**	**14,606**	**15,295**
Total outstanding commitment amount[2]	**74,505**	—	**74,505**

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

[1] Provided for reconciliation purposes only.
[2] The amounts outstanding on the total committed capital of the investments as of 31 December 2014 are not necessarily due within one month, but are callable at any time.

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

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

d) Capital risk management

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

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

e) Fair value estimation

Further to the valuation approach discussed in note 2 h) (iii), IFRS 13 requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements. The hierarchy has the following levels:

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

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

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

The following table analyses within the fair value hierarchy the Group's financial assets (by class) measured at fair value at 31 December 2014 and 31 December 2013.

As of 31 December 2014	**Level 1 TUSD**	**Level 2 TUSD**	**Level 3 TUSD**	**Total TUSD**
Assets				
Assets designated at fair value through profit or loss:				
Investments	–	–	503,628	503,628
Derivative financial instruments	–	1,228	–	1,228
Total	–	**1,228**	**503,628**	**504,856**

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

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

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

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

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

Diversification by financing stage (FV)	2014 %	2013 %
Balanced stage	2%	3%
Buyout stage		
Large buyout stage	20%	20%
Middle market buyout stage	36%	34%
Small buyout stage	10%	11%
Special situations stage		
Distressed debt stage	9%	10%
Turnaround stage	0%	0%
Venture stage		
Early stage venture	8%	7%
Growth capital stage	3%	4%
Late stage venture	6%	7%
Co-Investment		
Large buyout stage	2%	2%
Small buyout stage	4%	2%
Total	**100%**	**100%**

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

During the year ended 31 December 2014 there were no transfers (31 December 2013: Nil) between the three levels of financial assets and liabilities.

The following table presents a reconciliation disclosing the changes during 2014 and 2013 for financial assets classified as being level 3.

As of 31 December 2014	Investments designated at fair value through profit or loss TUSD
Assets	
At 1 January	585,112
Net unrealised gain	(19,620)
Purchases	19,033
Sales	(80,897)
Transfers in/out	—
At 31 December 2014	**503,628**
Total unrealised loss for the year included in the statement of comprehensive income for investments held at the end of the year	**(19,620)**

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

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

The table below analyses within the fair value hierarchy the financial assets and liabilities (by class) not measured at fair value, but for which fair values are disclosed at 31 December 2014 and 31 December 2013.

As of 31 December 2014	Level 1 TUSD	Level 2 TUSD	Level 3 TUSD	Total TUSD
Assets				
Cash and cash equivalents	26,868	–	–	26,868
Other current assets	–	273	–	273
Total	**26,868**	**273**	–	**27,141**
Liabilities				
Due to banks	–	–	–	–
Accounts payable and accrued liabilities	–	15,295	–	15,295
Total	–	**15,295**	–	**15,295**

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

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

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

The Group has one open derivative financial instrument contract as at 31 December 2014 and 31 December 2013, relating to the hedging of a co-investment in Japanese Yen.

As of 31 December 2014	Notional amount TUSD	Valuation amount TUSD	Maturity	Gain TUSD
JPY against USD	6,006	1,228	2.12.16	159
Total unrealised gain				**159**

As of 31 December 2013	Notional amount TUSD	Valuation amount TUSD	Maturity	Gain TUSD
JPY against USD	8,424	1,069	2.12.16	741
Total unrealised gain				**741**

As of 31 December 2014 and 2013 the Group does not offset the one open derivative financial instrument and no collateral is provided against it.

Beyond the uncalled commitments to investments disclosed in note 12, no further contingent liabilities exist as of 31 December 2014 (31 December 2013: Nil).

22 Subsequent events

The consolidated financial statements have been authorised at the 25 February 2015 board meeting for issue 3 March 2015. The annual general meeting called for 13 May 2015 will vote on the final acceptance of the consolidated financial statements.

Since the balance sheet date of 31 December 2014 Castle Private Equity AG purchased 313,500 treasury shares on its second trading line at a cost amount of TUSD 4,771. As at 18 February 2015 the Company held in total 1,795,500 treasury shares (18 February 2014: 1,520,000 treasury shares) on its second trading line.

Altogether the Group holds 2,273,885 treasury shares as at 18 February 2015 (18 February 2014: 2,095,885).

In February 2015, the Company started its process to sell its existing treasury shares (i.e. shares not repurchased under a share buyback program) to the market rather than to cancel them. As at 18 February 2015 Castle Private Equity AG sold 97,500 from 575,885 shares.

On 15 January 2015 the Swiss central bank decided to end its policy of trying to hold the value of the Swiss Franc at a minimum exchange rate of CHF 1.20/EUR resulting in dramatic movements in the CHF/EUR and CHF/USD exchange rates. Because the majority of the Group's expenses are in US Dollar and the functional currency of the Group is US Dollar, the impact on the Group's financials in 2015 is expected to be negligible. Backtesting for 2014 using the CHF/USD exchange rate from 19 February 2015 for expenses denominated in Swiss Francs showed that the impact for 2014 on the Group's financial statements would have been less than USD 30,000.

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 73), for the year ended 31 December 2014.

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 2014 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	**Julian Zurkirchen**
Audit expert	Audit expert
Auditor in charge	

Zurich, 3 March 2015

Balance sheet

As of 31 December 2014 (all amounts in Swiss Francs thousands unless otherwise stated)

	Note		2014	2013
Assets				
Current assets:				
Cash and cash equivalents			6,518	3,916
Total current assets			**6,518**	**3,916**
Non-current assets:				
Participations	3		470,335	470,335
Total non-current assets			**470,335**	**470,335**
Total assets			**476,853**	**474,251**
Liabilities				
Current liabilities:				
Accrued taxes			45	69
Other accrued liabilities			793	651
Deferred translation gain			2,564	220
Total current liabilities			**3,402**	**940**
Equity				
Shareholders' equity:	6			
Share capital			178,150	187,650
Share capital premium – legal reserves from capital contributions			94,995	186,040
allocated to general reserve from capital contributions		90,460		
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)			(19,972)	(16,500)
Accumulated surplus			220,278	116,121
Total shareholders' equity			**473,451**	**473,311**
Total liabilities and equity			**476,853**	**474,251**

Statement of income and accumulated surplus/(deficit)

For the year ended 31 December 2014 (all amounts in Swiss Francs thousands unless otherwise stated)

	Note	2014	2013
Income			
Dividends from subsidiaries		121,036	117,307
Other income		35	39
(Loss)/gain on foreign exchange, net		(372)	698
Total income		**120,699**	**118,044**
Expenses			
Other expenses		(769)	(839)
Total expenses		**(769)**	**(839)**
Profit before taxes		**119,930**	**117,205**
Taxes	4	(26)	(83)
Profit for the year		**119,904**	**117,122**
Accumulated surplus			
Accumulated surplus brought forward		116,121	34,213
Profit for the year		119,904	117,122
Cancellation of treasury shares 2nd line		(15,747)	(35,214)
Accumulated profit brought forward		**220,278**	**116,121**
Proposal of the board of directors for appropriation of accumulated profit			
To be carried forward		220,278	116,121
Total		**220,278**	**116,121**

Notes to the company financial statements

For the year ended 31 December 2014
(All amounts in Swiss Francs thousands unless otherwise stated)

1 Organisation and business activity

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

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

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

2 Accounting principles

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

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

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

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

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

3 Participations

The Company's participation as of 31 December 2014 and 31 December 2013 is composed of 100 per cent interest in the issued non-voting participating share capital. Where a dividend distribution has been approved by a subsidiary, the participation income from the subsidiary is recognised based on an economic standpoint, i.e. at the same time as the corresponding liability is recorded in the subsidiary.

Nominal share capital, issued and fully paid	**Overseas Subsidiary TUSD**	**Total book value of participations TCHF**
31 December 2013	25	470,335
31 December 2014	**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 2014.

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

The Company has no open derivative financial instruments contracts as at 31 December 2014 (31 December 2013: Nil).

6 Shareholders' equity

Shareholders' equity
The share capital of the Company at 31 December 2014 amounts to TCHF 178,150 (TUSD 121,213) (31 December 2013: TCHF 187,650 (TUSD 127,677)) consisting of 35,630,000 (31 December 2013: 37,530,000) 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 2014 Castle Private Equity (International) plc purchased no treasury shares (2013: Nil) and no treasury shares were sold. As at 31 December 2014 the Ireland Subsidiary held in total 575,885 treasury shares (2013: 575,885). For treasury shares held by subsidiaries reserves for own shares are set aside using cost values TCHF 4,535 (TUSD 4,856) (31 December 2013: TCHF 4,535 (TUSD 4,856)).

Treasury shares 2nd line (bought for cancellation)

Programmes	From	To	Cancelled	Number	Cost TUSD	Cost TCHF
Program initiated on 24 August 2011, announced on 15 July 2011						
Additions 2011	25.08.2011	31.12.2011	16.07.2012	1,150,175	11,230	10,089
Additions 2012	01.01.2012	08.03.2012	16.07.2012	349,825	3,882	3,577
Total				**1,500,000**	**15,112**	**13,666**
Program initiated on 30 May 2012, announced 12 April 2012						
Additions 2012	30.05.2012	31.12.2012	23.08.2013	1,726,575	23,147	21,728
Additions 2013	01.01.2013	26.04.2013	23.08.2013	2,443,425	36,738	34,334
Total				**4,170,000**	**59,885**	**56,062**
Program initiated on 15 May 2013, announced on 29 April 2013						
Additions 2013	02.06.2013	31.12.2013	13.08.2014	1,206,500	17,959	16,500
Additions 2014	01.01.2014	02.05.2014	13.08.2014	693,500	9,838	8,748
Additions 2014	03.05.2014	31.12.2014	—	1,482,000	21,505	19,972
Total				**3,382,000**	**49,300**	**45,217**

Movement of treasury shares 2nd line (bought for cancellation)			
Shares held as of 1 January 2013	**1,726,575**	**23,147**	**21,728**
Additions 2013	3,649,925	54,697	50,834
Cancellation on 23 August 2013	(4,170,000)	(59,885)	(56,062)
Shares held as of 31 December 2013	**1,206,500**	**17,959**	**16,500**
Additions 2014	2,175,500	31,342	28,719
Cancellation on 23 August 2014	(1,900,000)	(27,796)	(25,247)
Shares held as of 31 December 2014	**1,482,000**	**21,505**	**19,972**

Share buyback 2nd line (bought for cancellation)

Since 2011, the Company has announced openings of second trading lines on a yearly basis for the Company's shares on the SIX Swiss Exchange. The Company is always the exclusive buyer on these trading lines and repurchases shares for the purpose of subsequently reducing its share capital. The Company has purchased treasury shares on its second trading lines according to the following summaries. These treasury shares are treated as a deduction from shareholder's equity using cost values.

Shareholders' equity

In 2014 (all amounts in Swiss Francs thousands unless otherwise stated)

	Share capital	Share capital premium		Other legal reserves	Accumulated surplus/ (deficit)	Total
		General reserve from capital contributions	Reserve for own shares – at cost – from capital contributions			
31 December 2013	187,650	181,505	4,535	(16,500)	116,121	473,311
Profit for the year	—	—	—	—	119,904	119,904
Purchase of treasury shares 2nd line	—	—	—	(28,719)	—	(28,719)
Cancellation of treasury shares 2nd line	(9,500)	—	—	25,247	(15,747)	—
Capital repayments to investors	—	(91,045)	—	—	—	(91,045)
31 December 2014	**178,150**	**90,460**	**4,535**	**(19,972)**	**220,278**	**473,451**

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.

The following capital repayments have been paid out to the investors:

– 23rd May 2013 of CHF 0.75 per share /USD 0.77 per share (at the date of payment)
– 6th December 2013 of CHF 1.25 per share/USD 1.37 per share (at the date of payment)
– 22nd May 2014 of CHF 1.25 per share/USD 1.40 per share (at the date of payment); and
– 5th December 2014 of CHF 1.40 per share/USD 1.43 per share (at the date of payment).

7 Major shareholders

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

Major shareholders	2014	2013
Between 3% and 5%	LGT Bank AG, Liechtenstein Deka-StBV-NW-AI II, Luxembourg	LGT Group Foundation, Liechtenstein LGT Capital Management AG, Switzerland
Between 5% and 10%	Warburg Invest, Luxembourg LGT Capital Partners AG, Switzerland (formerly LGT Capital Management AG, Switzerland)	Warburg Invest, Luxembourg Ironsides Partners, USA
Between 10% and 25%	The Goldman Sachs Group, USA Swiss Life AG, Switzerland	Abrams Capital, USA Swiss Life AG, Switzerland

8 Compensation and share ownership

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

Compensation	2014 TCHF	2013 TCHF
Chairman	55	55
Deputy chairman	44	44
Committee chairman	44	44
Member	33	33

Travel and other expenses related to attendance of board meetings were covered by an expense allowance for each meeting in Switzerland, physically attended, as follows: Switzerland based CHF 100, Europe based CHF 1,250, Overseas based CHF 6,000. Expense accounts in excess of CHF 6,000 shall be signed off by the chairman (or, in the chairman's case, by the deputy chairman). In addition, the Company paid in 2014 a directors and officers liability insurance of TCHF 15 (31 December 2013: TCHF 14).

No directors received any shares, options or loans. Dr Marcel Erni and James Pluhar have waived any remuneration as board member. Robert Knapp has waived any remuneration as board member for the financial year 2013. Heinz Nipp has waived the additional remuneration related to his chairmanship of the remuneration committee in 2014. James Pluhar resigned as a member of the board on 7 February 2014.

Share ownership	2014	2013
Castle Private Equity AG		
Members of the board of directors		
Gilbert Chalk	8,750	8,750
Dr Konrad Bächinger	95,000	30,000
Dr Marcel Erni	4,900	4,900
Robert Knapp[1)]	997,129	2,206,756
General managers		
Dr Hans Markvoort	57,750	57,750
Benedikt Meyer	11,000	11,000
Total	**1,174,529**	**2,319,156**

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

Share ownership	2014	2013
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
Total	**31,000**	**31,000**

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.

Report of the statutory auditor on the remuneration report
to the general meeting of
Castle Private Equity AG, Pfäffikon

Report of the statutory auditor on the remuneration report

We have audited the remuneration report dated 3 March 2015 of Castle Private Equity AG (pages 76 to 78) for the year ended 31 December 2014.

Board of directors' responsibility
The board of directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The board of directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility
Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion

In our opinion, the remuneration report of Castle Private Equity AG for the year ended 31 December 2014 complies with Swiss law and articles 14 – 16 of the Ordinance.

PricewaterhouseCoopers Ltd.

Guido Andermatt	**Julian Zurkirchen**
Audit expert	Audit expert
Auditor in charge	

Zurich, 3 March 2015

Remuneration report

The remuneration report contains information about the principles of remuneration, procedures for determining remuneration and components of remuneration for the board of directors and management of Castle Private Equity AG. It also details the remuneration awarded in 2013 and the planned components of remuneration in 2014 and 2015. It is based on the provisions of the Articles of Incorporation, the transparency requirements set out in Articles 13 – 16 of the Swiss Ordinance against Excessive Compensation in Listed Companies (VegüV) and Article 663b^{bis} of the Swiss Code of Obligations, the SIX Swiss Exchange Directive on Information relating to Corporate Governance and the principles of the Swiss Code of Best Practice for Corporate Governance drawn up by Economiesuisse.

Principles of Remuneration

- Transparency (simplicity, clarity)
- Adherence to market rates of executive pay
  (benchmarking of similar companies, qualifications and experience)

Governance

At its meeting on 14 May 2014, the board of directors proposed to set up a remuneration committee comprising of all members of the board of directors: Heinz Nipp (chairman), Gilbert Chalk, Konrad Bächinger, Marcel Erni, Thomas Amstutz and Robert Knapp. The members of the remuneration committee were individually elected at the 2014 shareholders' general meeting. James Pluhar resigned as a member of the board on 7 February 2014.

The compensation committee draws up proposed remuneration guidelines for the board of directors. The members of the board of directors are entitled to reimbursement of their expenses incurred in the interest of the company as well as to compensation corresponding to their activities, as determined by the board of directors.

The compensation committee meets as often as required, but at least once a year.

The board of directors has delegated the operational management of the Company to Dr Hans Markvoort and Benedikt Meyer as general managers, in accordance with Art. 716b CO and the articles of association and organisational regulations of the Company. This work for the Company takes up approximately 20 per cent of their working time. The management of the Company is compensated only by affiliates of LGT Group Foundation. LGT Group Foundation is the co- owner of LGT Private Equity Advisers AG which acts as investment manager to the Company and receives a management fee for these services.

Procedures for determining remuneration

The level of remuneration awarded to the board of directors is based on sector and market comparisons. The remuneration committee also consults comparative figures and surveys of listed companies operating in the same sector.

Structure of remuneration

The board of directors is compensated in cash for all of its duties, including expenses for ordinary and extraordinary meetings, committee activities and other extraordinary activities. Neither shares nor options were allocated in the reporting year.

Remuneration policy

Remuneration of the board of directors of Castle Private Equity AG shall be effected in accordance with the provisions of the Articles, notably article 17. The board of directors determined that its members be remunerated annually as follows (pro-rata when a mandate is not executed for a full year):

Remuneration	CHF
Chairman	55,000
Deputy chairman	44,000
Committee chairman	44,000
Member	33,000

The remuneration shall be payable by the end of each quarter.

Travel and other expenses related to attendance at board meetings shall be covered by an expense allowance for each meeting in Switzerland, physically attended, as follows:

Travel and other expenses	CHF
Switzerland based	100
Europe based	1,250
Overseas based	6,000

Expense accounts in excess of CHF 6,000 shall be signed off by the chairman (or, in the chairman's case, by the deputy chairman). Accounts below such may be signed off by the general managers.

Directors may furthermore be paid all other expenses properly incurred by them in connection with the business of the company. The board may, in addition, grant special remuneration to any director who performs special or extra services to or at the request of the company.

Remuneration for financial 2013 and 2014 (Article 14 VegüV)

The following tables show the remuneration for the members of the board of directors in the year 2014 and 2013. The total remuneration of the company does not include the employers contributions to social security of CHF 12,897 (31 December 2013: CHF 13,761). In addition, the Company paid in 2014 a Directors and Officers liability insurance fee of USD 16,503 (31 December 2013: USD 15,445). Travel expenses amounted to USD 13,549 (31 December 2013: USD 32,953).

The board of directors remuneration is defined and paid out in CHF. See also note 8 of the company financial statements on page 72. For the financial year 2013, Dr Marcel Erni, Robert Knapp and James Pluhar have waived any remuneration as board member. For the financial year 2014, Dr Marcel Erni and James Pluhar waived any remuneration as board members and Heinz Nipp waived the additional remuneration related to his chairmanship of the remuneration committee. James Pluhar resigned as a member of the board on 7 February 2014.

	Cash Compensation CHF	Social security payments CHF	Travel and other expenses CHF	Total remuneration CHF
As of 31 December 2014				
Gilbert Chalk, chairman	53,033	1,967	2,500	57,500
Dr Konrad Bächinger, deputy chairman	41,250	2,750	200	44,200
Heinz Nipp, committee chairman – remuneration committee	30,937	2,063	200	33,200
Thomas Amstutz, committee chairman – audit committee	41,250	2,750	200	44,200
Robert Knapp, member	—	—	9,017	9,017
Dr Marcel Erni, member	—	—	—	—
James Pluhar, member	—	—	—	—
Total	**166,470**	**9,530**	**12,117**	**188,117**

	Cash Compensation CHF	Social security payments CHF	Travel and other expenses CHF	Total remuneration CHF
As of 31 December 2013				
Gilbert Chalk, chairman	53,033	1,967	5,000	60,000
Dr Konrad Bächinger, deputy chairman	50,930	3,395	485	54,810
Heinz Nipp, committee chairman – remuneration committee	30,937	2,063	—	33,000
Thomas Amstutz, committee chairman – audit committee	41,250	2,750	300	44,300
Robert Knapp, member	—	—	7,455	7,455
James Pluhar, member	—	—	12,519	12,519
Dr Marcel Erni, member	—	—	—	—
Total	**176,150**	**10,175**	**25,759**	**212,084**

Loans and credits to board members and the management (Article 15 VergüV)
No further loans or credits by the Company or its subsidiaries for their activities have been granted to members of the board of directors in the financial year 2014.

Compensation, loans and credits to related parties (Article 16 VergüV)
No further compensation, loans or credits by the Company or its subsidiaries for their activities have been granted to any related party in the financial year 2014.

Amendments to the articles of association
A revised version of the Articles of Association with regard to the board of directors and Management compensation, taking into account the Swiss Ordinance against Excessive Compensation in Listed Companies (VegüV), will be submitted to the 2015 shareholders' general meeting for approval.

Heinz Nipp **Dr Hans Markvoort**

Zurich, 3 March 2015

Corporate governance

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

1. Group structure and shareholders

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

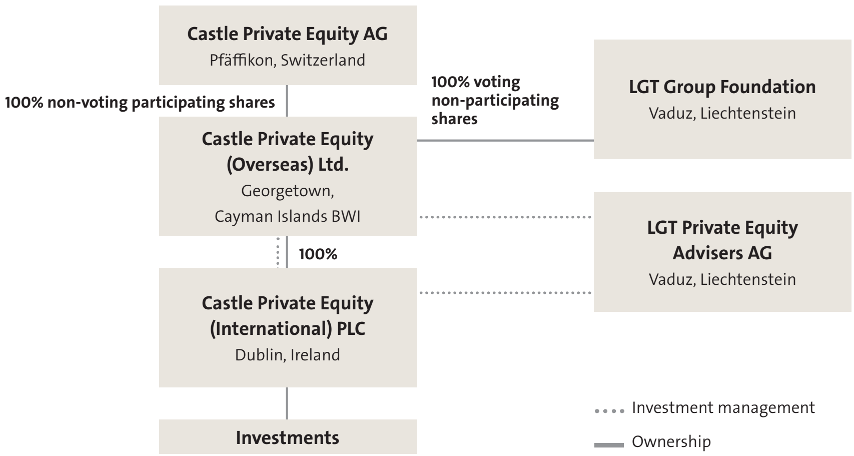
Significant shareholders

The shareholding structure of the Company as of 31 December 2014 is shown below:

- LGT Capital Partners AG, Switzerland (formerly LGT Capital Management AG, Switzerland) reported a holding of 5.41 per cent.
- LGT Bank AG, Liechtenstein, reported a holding of 3.84 per cent.
- Swiss Life AG Switzerland, reported a holding of 11.23 per cent.
- The Goldman Sachs Group, USA reported a shareholding of 21.83 per cent.
- Warburg Invest Luxembourg, reported a holding of 8.42 per cent, of which 5.61 per cent held by BAEK Fund.
- Deka-StBV-NW-AI II, Luxembourg reported a holding of 3.65 per cent.
- Castle Private Equity AG, reported a holding of 5.78 per cent.

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

As of 31 December 2014, the Group held 575,885 treasury shares. The Group has not entered into any cross-shareholdings that exceed 5 per cent of the capital shareholding as voting rights on either side.



2. Capital structure

Capital

The Company's share capital consists of 35.63 million registered shares with a par value of CHF 5 each. The shares are listed in USD and CHF at the SIX Swiss Exchange in Zurich with ISIN CH0048854746 and valor number 4885474. The Company completed a 2011 share buyback programme with the purchase of 1.5 million shares in April 2012. These shares were cancelled on 10 July 2012. A new programme for up to 10 per cent of the Company's share capital commenced in May 2012. On 26 April 2013 the Company completed the 2012 – 2013 share buyback programme with the purchase of 4.17 million shares. These shares were cancelled on 22 August 2013. The Company was authorised to conduct a new share buyback programme of up to 15.55 per cent of the Company's share capital. As of 31 December 2014, the Company held 575,885 shares in treasury and 1,482,000 shares on the 2013 – 2014 buyback programme. The Company does not have conditional and authorised share capital. The Company has not issued any participation certificates (Partizipationsscheine), preference shares (Vorzugsaktien) or profit sharing certificates (Genussscheine). Shares of the subsidiaries are not listed.

A detailed overview of the capital structure is shown in note 15 to the consolidated financial statements. Changes in capital within the last three financial years can be seen from the consolidated statements of changes in shareholders' equity on page 19 of the 2013 annual report.

The market capitalisation of the Company (ISIN: CH0048854746/Valor: 4885474) per year end 2014 amounted to approx. USD 478 million. There are no outstanding convertible bonds or options issued by the Company or any of its subsidiaries on the Company's securities.

Voting rights, share registration

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

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

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

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

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

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

3. Board of directors

As of 31 December 2014, all members of the board of directors are non-executive. None of the members have been members of management of the Company or one of its subsidiaries over the last three years. Dr Marcel Erni is affiliated with Partners Group, which, together with LGT Group Foundation, owns the investment manager that manages the Group's investments.

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

The board is composed of the following members:

Gilbert J. Chalk,
chairman of the board

Gilbert Chalk (British citizen, 1947) holds a BSc from Southampton University an MA in Business at Lancaster University and obtained an MBA from Columbia University in 1973. He worked in corporate finance at Hill Samuel Bank before joining Hambros Bank in 1980 as a manager and, subsequently, director in their corporate finance department. In 1987 he founded and became managing director of Hambro European Ventures, a position he held until 1994. Since 1994 he has been active as director and adviser of a number of privately financed companies. From 2000 to 2010 he was chairman of the Baring English Growth Fund.
Gilbert Chalk was elected at the general meeting held on 29 October 2008. He was re-elected at the annual shareholders' meeting in May 2014 for a term ending at the 2015 annual shareholders' meeting. He currently is director of Vantage Goldfields Limited and chairman of Aurora Russia Limited and is an investor representative at Cognito Limited.

**Dr Konrad Bächinger,
deputy chairman of the board**

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

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

Dr Bächinger is also deputy chairman of the board of directors of Castle Alternative Invest AG, and chairman and board member of several companies managed or owned by affiliates of LGT Group Foundation. Dr Bächinger was elected to the board of directors in 1997 and was re-elected at the general meeting held in May 2014 for a term ending at the 2015 annual shareholder meeting.

**Dr Marcel Erni,
member of the board**

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

Dr Erni was elected to the board of directors of Castle Private Equity AG in 1997. He was re-elected at the annual shareholders' meeting in May 2014 for a term ending at the 2015 annual shareholders' meeting.

**Heinz Nipp,
member of the board and
remuneration committee chairman**

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.

In December 2014, Heinz Nipp joined the board of LGT Capital Partners (Ireland) Limited.

Heinz Nipp was elected to the board in 1997. He was re-elected at the annual shareholders' meeting in May 2014 for a term ending at the 2015 annual shareholders' meeting.

**James Andrew Pluhar,
member of the board**

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

**Thomas Amstutz,
member of the board and
audit committee chairman**

Thomas Amstutz (Swiss citizen, born 1962) completed his bank apprenticeship at Credit Suisse and graduated from Commercial School of Business Administration. From 1978 until 2004 he held a variety of management positions with Credit Suisse Group. Between 1991 and 1996 he held different positions within Credit Suisse in Zurich, before heading the Sales and Trading department in Frankfurt. In 1999 he was appointed member of the executive board of Credit Suisse Private Banking and from August 2002 until December 2004 he was member of the executive board of Credit Suisse Financial Services and Head of the Division Investment Management.
Thomas Amstutz is currently member of the board of directors of Alpine Select AG, Zug, a listed Swiss investment company. He is Partner and a member of the board of JAAM AG, Zurich, an investment advisory company. Furthermore Mr Amstutz is a member of the Asset Allocation Committee of Spida Personalvorsorgestiftung, Zurich, as well as Trustee of the Board of the Zurich International School, Zurich.
Mr Amstutz was elected to the board of directors of Castle Private Equity AG at the annual meeting in April 2012. He was re-elected at the annual shareholders' meeting in May 2014 for a term ending at the 2015 annual shareholders' meeting.

**Robert Knapp,
member of the board**

Robert Knapp (US citizen, born 1966) acts as chief investment officer of Ironsides Partners LLC and the Ironsides Partners Opportunity Fund. Mr Knapp specialises in closed end funds, corporate restructurings, emerging markets and distressed debt. In addition to Ironsides, he serves as the lead independent director of MVC Capital Inc. (NYSE: MVC), and is also a director of the Africa Opportunity Fund (LSE AIM: AOF) and the Pacific Alliance Asia Opportunity Fund (LSE AIM: PAX).
Mr Knapp previously was a managing director with Millennium Partners from 1997 to 2006. He earned a BSc in Electrical Engineering from Princeton University in 1989 and a BA in Politics, Philosophy and Economics from New College, Oxford University in 1993.
Mr Knapp was elected to the board of directors at the annual meeting in April 2012. He was re-elected at the annual shareholders' meeting in May 2014 for a term ending at the 2015 annual shareholders' meeting.

Responsibilities

The principal responsibilities of the board of directors as defined in the Swiss Code of Obligations and the Company's articles of association and organisational regulations are:

(i) organisation of the Company's main structures, including planning, management and reporting procedures and its internal risk control systems;
(ii) determination of the investment policy and supervision of its implementation; and
(iii) appointment and supervision of the Company's general manager and the investment manager.

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

The audit committee's duties include:

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

Organisation

The board of directors has delegated the operational management of the Company to Dr Hans Markvoort and Benedikt Meyer as general managers (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 2014, four board meetings and three audit committee meetings were held, with an average duration of between two and four hours. Board meetings are attended by representatives of the investment manager and the general manager. In addition to the physical meetings, various ad hoc meetings and phone conference calls were held throughout the year to deal with matters substantially of an administrative nature and these were attended by the directors available at the time.

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

Information and control

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

4. Management

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

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.

Benedikt Meyer
Mr Meyer (Swiss) is an executive director at LGT Capital Partners Ltd. Prior to joining LGT Capital Partners in 2010, Mr Meyer worked in product management and investor relations for Partners Group AG in Zug and London. In 2002, Mr Meyer completed an extensive three year training program as an accountant. Mr Meyer holds a Diploma of Higher School of Business Studies HF (BSc in Economics). He is fluent in English and German, and conversant in French.

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

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

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

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

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

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

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

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

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

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

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

Dr Roberto Paganoni
(see above)

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

5. Compensation, shareholdings and loans

The remuneration of the board of directors is as follows:

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

Dr Marcel Erni and James Pluhar have waived any remuneration as board member. Robert Knapp has waived any remuneration as board member for the financial year 2013. Heinz Nipp has waived the additional remuneration related to his chairmanship of the remuneration committee in 2014. James Pluhar resigned as a member of the board on 7 February 2014.

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

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 13 May 2015 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 5 May 2015 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 5 May 2015 and the end of the general meeting.

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

Statutory quorums

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

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

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

7. Change of control

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

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

8. Auditors

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

Total audit fees charged by PricewaterhouseCoopers for the 2014 audit amounted to TUSD 195 (2013: TUSD 178).

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

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

9. Information policy

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

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

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

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

Share information

Exchange rate CHF/USD: 0.9936

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Since inception
Share information											
Number of issued shares at year end (000)[1]	4,320[2]	4,320[2]	4,320[2]	43,200	43,200	43,200[3]	43,200[4]	41,700[5]	37,530[6]	35,630[7]	
USD net asset value[1]	10.82	13.13	17.06	11.77	12.18	14.70	15.76	17.40	17.13	15.39	
USD closing price[1]	8.80	10.20	12.25	3.20	5.25	8.70	10.80	14.10	13.55	14.20	
CHF closing price[1]	11.51	12.50	13.81	3.43	5.40	8.11	10.10	13.00	11.95	14.35	
Share performance											
USD net asset value	17.1%	21.4%	29.9%	(31.0%)	3.5%	20.7%	7.2%	10.4%	10.6%[8]	6.3%[9]	124.2%[8,9]
USD closing price	32.3%	15.9%	20.1%	(73.9%)	64.1%	65.7%	24.1%	30.6%	11.5%[8]	6.6%[9]	107.8%[8,9]
CHF closing price	48.5%	8.6%	10.5%	(75.2%)	57.4%	50.2%	24.5%	28.7%	7.3%[8]	20.1%[9]	38.0%[8,9]

[1] Adjusted for the ten for one share split.
[2] Of which 800,000 owned by the Group.
[3] Of which 191,853 owned by the Group.
[4] Of which 1,726,060 owned by the Group.
[5] Of which 3,771,129 owned by the Group (575,885 in treasury and 3,195,244 for cancellation). On 12 July 2012, the 1,500,000 shares purchased in the 2011 share buyback program were cancelled.
[6] Of which 1,782,385 owned by the Group (575,885 in treasury and 1,206,500 for cancellation). On 22 August 2013, the 4,170,000 shares purchased on the 2012/2013 share buyback program were cancelled.
[7] Of which 2,057,885 owned by the Group (575,885 in treasury and 1,482,000 for cancellation). On 12 August 2014, 1,900,000 shares purchased on the 2013/2014 share buyback program were cancelled.
[8] Adjusted for capital repayments of CHF 0.75 cents/USD 0.77 cents on 23 May 2013 and CHF 1.25 cents/USD 1.37 cents on 6 December 2013.
[9] Adjusted for capital repayments of CHF 1.25/USD 1.40 on 22 May 2014, and CHF 1.40/USD 1.43 on 5 December 2014.

Listing
SIX Swiss Exchange 4885474 (Swiss)

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

Publication of net asset value
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