Annual Report

2015

castle
PRIVATE EQUITY

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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 2016.
The subsequent event notes in the financial statements have been updated to 19 February 2016.
Amounts in this report are stated in USD thousands (TUSD) unless otherwise stated.

Castle Private Equity in 2015

(All amounts in USD, unless when indicated otherwise)

	2015	2014	
Net asset value	482 million	517 million	
Payments to shareholders	47 million	97 million	2014: Repayment of capital contribution reserves, 2015: put options issuance
Net asset value per share	16.19	15.39	
Share price in USD	16.00	14.20	
Share price in CHF	16.40	14.35	
Private equity assets	414 million	505 million	
Capital calls from investments	14 million	26 million	
In per cent of initial uncalled	19 per cent	26 per cent	
Distributions from investments	155 million	161 million	
In per cent of initial PE assets	31 per cent	28 per cent	
New commitments	—	—	No new commitments since 2012 introduction of harvesting strategy
Investment degree	86 per cent	98 per cent	
Uncalled commitments	56 million	75 million	
Uncalled as per cent of NAV	12 per cent	14 per cent	
Credit facility	10 million	30 million	Credit facility reduced to USD 10 million in 2015
Credit facility use	—	—	
Cash position	78 million	27 million	
Treasury shares	—	575,885	Treasury shares sold throughout 2015
Treasury shares (bought for cancellation)	3,659,175	1,482,000	
Cancelled shares	2,166,000	1,900,000	2,166,000 shares from the 2013 – 2014 share buyback programme cancelled on 6 August 2015
Shares in circulation	29,804,825	33,572,115	

Chairman’s statement

Realising the portfolio’s full potential

Dear shareholders

Continued NAV growth

The favourable tailwinds of the last few years also supported Castle Private Equity over the course of 2015. Throughout the year Castle Private Equity continued to pursue the route of patient harvesting. The net asset value (NAV) per share increased by 5.2 per cent to USD 16.19 by the end of 2015. The Company’s share price closed the year at CHF 16.40/USD 16.00 per share, representing an increase of 12.7 per cent over the previous year and is now over 5.0x its nadir of USD 3.20 per share in November 2008.

Significant progress in relation to maximising shareholder value

In the coming spring, Castle Private Equity will reach the fourth anniversary of the adoption of the harvesting strategy. While four years may seem like a long time, the harvesting strategy adopted has certainly played out well for shareholders. The realisation of Investments and the buying back of the Company’s own shares has significantly enhanced NAV per share. As a result Castle has returned a total of over USD 373 million to its shareholders since August 2011.

A positive yet fragile economic environment...

During the first six months of 2015, continued liquidity injections by central banks around the globe and record low target rates further lifted financial markets and valuations. Global growth remained tepid, with the exception of the US and certain emerging markets, but became more solid partly as a result of low oil prices and improving labour markets. While US economic growth remains subpar in the historical context, attributed to deleveraging, lack of investment activity and low labour force growth, the Eurozone economy has surprised to the upside. Consumer confidence, bank lending and inflation expectations have been lifted by the European Central Bank’s quantitative easing program. Volatility across financial markets increased over the course of the year as negotiations around the Greek crisis intensified, European equity markets corrected after a rally at the beginning of the year. The S&P 500 continued seesawing, while Chinese equities corrected sharply between late June and mid-July, with an approximate loss of 30 per cent but given the strong 150 per cent increase before the correction, a certain corrective move brought valuations back to more meaningful levels. The second half of the year was characterised by increased concerns about the global growth outlook. China’s economy weakened further, spilling over into other emerging markets via lower commodity prices and exports. Advanced economies also showed signs of deceleration towards the year end, quelling expectations of potential rate hikes in select countries. Reflecting market sentiment, the US Dollar strengthened against the Euro, while spreads on corporate bonds in the US and Europe widened.

Over the past 12 months, the global private equity market has remained competitive. Regional deal making activity has been mixed, ranging from sluggish to stable to stellar. Where activity has been high, strong competition for the most attractive assets has put vendors in the driver's seat but made it harder for fund managers to deploy their capital. Some fund managers have made efforts to source off-market transactions to chase acquisitions at lower multiples or looked for other methods to create value rather than relying on buy and hold strategies.

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

In this environment, Castle Private Equity's portfolio again did well. Realising the portfolio's full potential remained our company's primary focus during 2015. Castle achieved a distribution-adjusted NAV per share increase of 5.2 per cent in 2015 to USD 16.19 per share by the end of 2015. The Company's share price grew even more strongly, closing the year at USD 16.00 per share, an increase of 12.7 per cent over the previous year. Higher NAV growth in 2015 was held back primarily by the investment manager's performance fee accrual that is calculated by reference the lower of the NAV or share price, as described in more detail on page 47. The investment manager's report below outlines the performance drivers in more detail.

Distributions significantly overpassed capital calls

Distributions from the underlying portfolio remained at high levels during the course of the year, as a result of the harvesting strategy adopted at the 2012 AGM to realise the Group's portfolio and to cease new investment commitments. The Company's portfolio generated total distributions from realisations close to USD 155 million in 2015, compared to USD 161 million for the year 2014.

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 14 million, a fraction of total distributions. The total amount of uncalled capital decreased correspondingly to an amount of USD 56 million by the end of 2015, a reduction of 25 per cent from December 2014.

Current value and realised proceeds above USD 22 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 almost four years in harvesting mode, to over USD 22 per share, when combining the current per share NAV of USD 16.19 with cumulative distributions of approximately USD 176 million since April 2012.

In 2013 and 2014 the Company returned capital via four separate capital repayments from general legal reserves from capital contributions. In 2015 for the first time capital was returned via the issuance of tradable put options. The put options were traded from 15 October to and including 28 October 2015. Every 12 put options entitled shareholders to tender one registered share at the exercise price of CHF 20.00. In total, 28,249,267 put options were exercised. The 2,354,105 registered shares tendered corresponds to 7.03 per cent of the share capital and voting rights registered in the commercial register. Following the termination of the buyback via issuance of put options, the board of directors decided to launch a new share buyback programme on the Company's second trading line at SIX Swiss Exchange of up to 2.97 per cent of the share capital.

The board of directors 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 2016 – 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.

General meeting 11 May 2016 in Switzerland

The Company's 2016 annual general meeting is scheduled to take place on 11 May 2016 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

Further progress in harvesting the portfolio

Dear shareholders

Further NAV growth of 5.2 per cent

The net asset value (NAV) of Castle Private Equity continued to develop positively over the course of 2015 and increased to USD 16.19 per share, giving a return of 5.2 per cent. Positive valuation developments were again the largest performance driver over the course of the year while currency effects had a slightly negative impact.

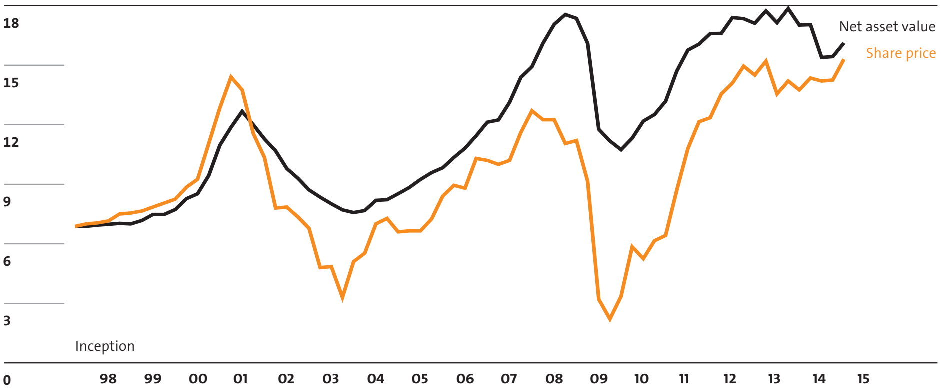
Global market in 2015 were marked by high levels of volatility

Global markets have experienced a high level of volatility during the course of the past year, caused among others by concerns on the slowing pace of GDP growth in China, the unexpected devaluation of the Chinese RMB, the continuing uncertainty about the US Dollar interest rate increase by the Fed and the ongoing pressure on the oil price. The concurrence of these factors triggered a net cash outflow from emerging market countries and, broadly, their currencies have devalued against the US Dollar. Commodity markets and commodity exporting countries have been punished due to the fears over slower Chinese GDP growth leading to decreased demand for commodities. At the same time, various governments were under pressure to address political turmoil and at the same time to inject positive stimulus to support their national economies.

Plenty of fundamentals remained intact

The private equity sector was not immune to these developments but plenty of fundamentals remained intact. 2015 certainly brought forward a fair share of volatility, but the strategic need for M&A in many industries continued to propel transaction activity, as private equity investors and strategic buyers focused on long-term growth remained acquisitive. As the US economy strengthened, cash reserves increased, stock prices moved higher and more privately backed companies became ready to exit.

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



Growth mainly driven by venture capital and mid-market buyout investments

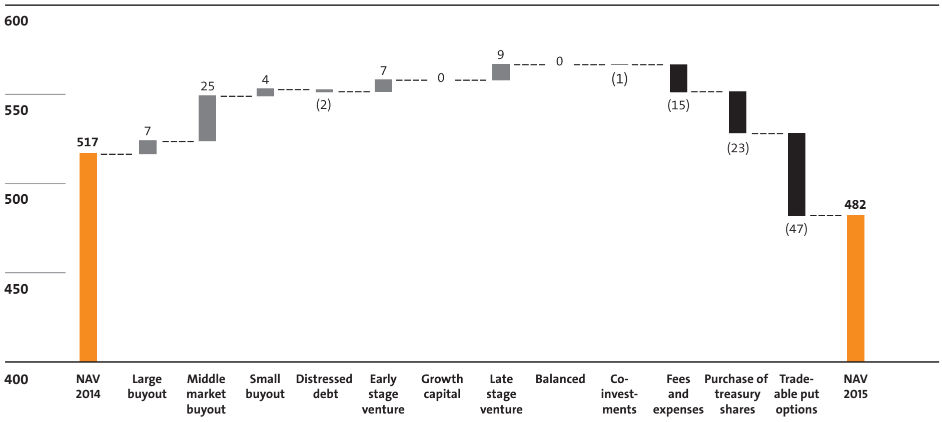
Portfolio gains of USD 51 million include negative USD 10 million currency impact
The net asset value of Castle Private Equity developed solidly throughout the year, increasing by close over 5 per cent as of 31 December 2015. This positive development was both driven by the underlying portfolio companies' profit growth as well as by realisations of existing holdings over their carrying value. In 2015, the portfolio generated gains of USD 51 million include a negative impact of USD 10 million caused by the 10 per cent decrease of the Euro against the US Dollar in the course of the year. The buyout segment of the portfolio contributed most in absolute terms, with mid-market transactions in particular providing solid returns. Yet, venture capital positions also added significantly to the year-end result.

Buyout investments contributed significantly during 2015 and remained the core strategy in the portfolio

Investments in the buyout segment performed well during the year, with an average IRR of over 4 per cent for funds focusing on small transactions and 14 per cent for funds focusing on mid-market buyout investments. The contribution of large buyouts ended at over 5 per cent for 2015, 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 12, 40 and 19 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 4 million for the year. The sector benefitted well from 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 Chequers Capital, a French buyout fund investing in well-established mid-market French companies. The fund partially sold its stake in Elior, the 3rd largest European player in catering.

NAV change by financial stage in 2015
in USD millions



Mid-market buyout oriented funds returned a gain of USD 25 million during the course of the year. A significant share stems from Court Square II, . During the year, Court Square II completed a number of successful realisations such as the sale of Fibertech Networks, a leading US metropolitan bandwidth infrastructure provider.

Large buyout funds performed also positively, adding a gain of USD 7 million during the year. TPG Partners V was one of the main performance drivers in this category, completing a number of successful realisations, including the sale of Biomet, a global leader in the orthopedic implant segment of medical devices, to publicly listed Zimmer.

Venture stage investments contributed a solid share of 2015 performance

Venture stage investments were a significant performance driver in 2015 with IRRs of over 18 per cent for early stage venture funds and over 36 per cent for late stage venture investments. An insignificantly positive performance (+0.5 per cent) was added by funds focusing on growth capital.

Early stage venture investments (9 per cent of private equity assets at year-end) returned a gain of close to USD 7 million during the past twelve months, reflecting an uptrend within the more volatile sector of technology investments. Jerusalem Venture Partners IV contributed a gain of USD 4 million during the course of the year. Main driver in 2015 was the partial sale of Cyberark Software Ltd., a global information security company.

Major exits

In 2015

Month	Partnership	Company	Sector, location	Exit channel
March	Index Ventures III (Jersey), L.P.	King.com	game developer, UK	public markets
April	Permira IV, L.P. 2	Hugo Boss	apparel, Germany	public markets
April	STG III, L.P.	Symphony Teleca	software, US	sale to Harman
June	Arsenal Capital Partners QP II-B, L.P.	Royal Holdings	chemicals, US	secondary sale to American Securities
June	Index Ventures III (Jersey), L.P.	Pentaho	software, US	sale to Hitachi Data Systems
June	Jerusalem Venture Partners IV, L.P.	CyberArk	software, US	public markets
June	Index Ventures IV (Jersey), L.P.	Criteo	digital marketing, France	public markets
July	Court Square Capital Partners II, L.P.	Harvard Drug Group	pharmaceuticals, US	sale to Cardinal Health
August	Court Square Capital Partners II, L.P.	Fibertech Netorks	telecommunications infrastructure, US	sale to Lightower Fiber Networks
August	The Triton Fund II, L.P.	Alimak Group	industrial services, Sweden	public markets
August	TPG Partners V, L.P.	Biomet	medical supplies, US	sale to Zimmer
September	TPG Partners VI, L.P.	Par Pharmaceutical	pharmaceuticals, US	sale to Endo International
October	Bain Capital Europe Fund III, L.P.	Securitas Direct	security services, Sweden	secondary sale to Hellman & Friedman
November	Clayton, Dubilier & Rice Fund VII, L.P.	ServiceMaster	property services, US	public markets
November	Silver Lake Partners II, L.P.	Sabre	travel booking software, US	public markets
December	EOS Capital Partners IV, L.P.	Key Impact	marketing, US	secondary sale to J.W. Childs

The **late stage venture** segment (6 per cent of assets) also saw positive valuation developments contributing over USD 9 million during the course of 2015. Main driver in 2015 was Index Venture III who's remaining portfolio companies profited from favourable market comparables and strong financial performances of a number of portfolio companies.

Growth capital investments (3 per cent of assets) realised an immaterial positive performance.

Distressed debt investments recorded a negative performance during the year of over 4 per cent. Most of the investments in this stage were valued using public debt market pricing.

Finally, **balanced** investments (2 per cent of assets) contributed positively during the past year, even if not by much, generating returns of 1 per cent.

Currency movements offset some of the portfolio gains made

Unfortunately, currency movements offset some of the portfolio gains over the course of the year 2015, as the Euro weakened by over 10 per cent versus the US Dollar, resulting in an unrealised currency loss of USD 10 million.

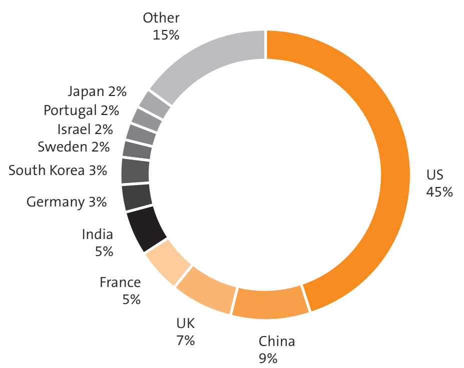
Increasingly mature and cash generating portfolio

The portfolio continued to mature in the past year. Underlying private equity funds in realisation mode represent USD 365 million or 88 per cent of overall PE assets. NAV of even older investments, considered to be in their liquidation phase, amounted to USD 30 million (7 per cent). The NAV of investment phase exposure amounted to USD 19 million, or 5 per cent of overall PE assets by year-end.

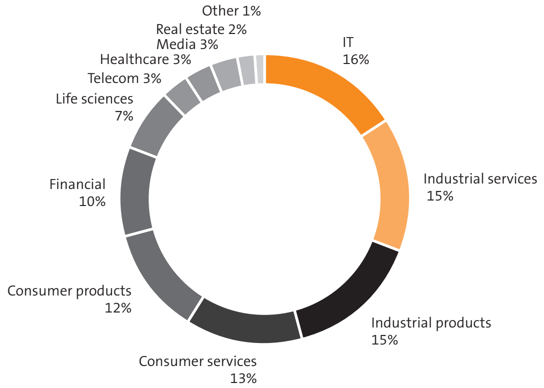
Portfolio review at the company level

Per December 2015

Geographical regions



Industry sectors



Available exit channels combined with increasingly mature assets boost Castle's liquidity position

Continued high levels of net cash inflows

The positive trend for liquidity continued throughout 2015. 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.

Close to USD 155 million in distributions during the year

As a result, Castle's net liquidity position strengthened further during the course of the year. During 2015, underlying partnerships distributed close to USD 155 million versus USD 161 million for the year 2014.

Capital calls stopped at USD 14 million for 2015, equivalent to 19 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 26 million or 26 per cent of initial uncalled.

Majority of uncalled capital can be considered stale

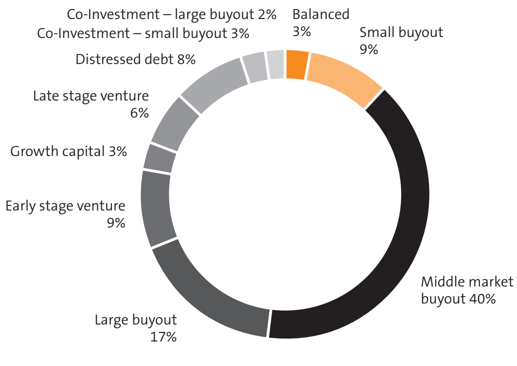
Uncalled capital further reduced to USD 56 million or 12 per cent of NAV

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 19 million to USD 56 million or 12 per cent of total net assets in the year under review. Most of the remaining uncalled capital can be considered as stale given that the maturity of virtually all funds in Castle's portfolio have matured beyond their investment period.

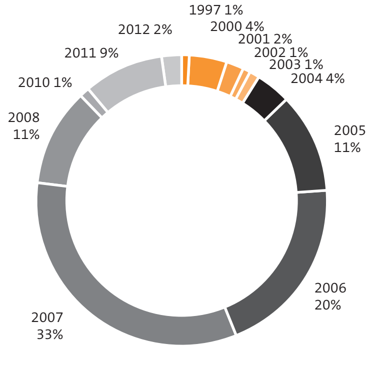
Asset allocation (asset value)

Per December 2015

Financing stage



Vintage year



Major underlying company positions in 2015[1)]

Year invested	Partnership	Company	Sector, location
2012	Stirling Square Capital Partners Omni Co-Investment, L.P.	Omni Helicopters International	transportation, Portugal
2007	Columbia Capital Equity Partners IV (Non-US), L.P.	Communications Infrastructure	telecoms infrastructure, US
2007	Battery Ventures VII, L.P. Silver Lake Partners II, L.P. TPG Partners IV, L.P. TPG Partners V, L.P.	Sabre Holdings	travel services, US
2012	Arsenal Capital Partners QP II-B, L.P.	WIRB	healthcare, US
2007	SAIF Partners III, L.P.	One97 Communications	mobile payments, India
2009	CDH China Fund III, L.P. CDH Supplementary Fund III, L.P.	WH Group	consumer products, China
2011	Fortress Investment Fund V (Fund D), L.P.	OneMain Financial	consumer lending, US
2010	Bain Capital Europe Fund III, L.P. Bain Capital Fund X, L.P.	WorldPay	electronic payment processing, UK
2007	Clayton, Dubilier & Rice Fund VII (Co-Investment), L.P. Clayton, Dubilier & Rice Fund VII, L.P.	US Foodservice	food distribution, US
2010	Polish Enterprise Fund VI, L.P.	Profi Rom Food	supermarket, Romania
2008	Blackstone Capital Partners V, L.P. Wellspring Capital Partners IV, L.P.	Performance Food Group	food distribution, US
2006	SB Asia Investment Fund II, L.P.	58.com	online marketing, China
2010	Court Square Capital Partners II, L.P.	Fibretech Networks	telecoms infrastructure, US
2006	Battery Ventures VII, L.P. Blackstone Capital Partners V, L.P. Permira IV, L.P. 2 TPG Partners IV, L.P. TPG Partners V, L.P.	Freescale Semiconductor	semiconductor manufacture, US
2006	Bain Capital Fund IX, L.P. Bain Capital Partners Coinvestment Fund IX, L.P. Blackstone Capital Partners V, L.P.	Michaels Stores	consumer products, US
2005	TPG Partners V, L.P. TPG Partners VI, L.P.	IMS Health	healthcare, US
2002	Jerusalem Venture Partners IV, L.P. Jerusalem Venture Partners IV, L.P. (Secondary – Vermont)	Cyber-Ark Software	online security software, US
2011	E-Center Network Castilla y Leon, S.L. (Ambuiberica) ProA Capital Iberian Buyout Fund I Europa, F.C.R. de Régimen Simplificado	Ambuibérica	healthcare, Spain
2010	STG III, L.P.	First Advantage	consumer screening services, US
2013	Hahn & Company I, L.P.	Daehan Cement	cement producer, South Korea

1) Based on the latest available financial statements from the underlying private equity partnerships, i.e. primarily 30 September 2015.

Continued distributions to shareholders

Over USD 373 million returned to shareholders since implementation of harvesting strategy

Since implementation of the harvesting strategy in April 2012, Castle Private Equity returned over USD 176 million to shareholders via capital repayments from general legal reserves. Furthermore, over USD 197 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 373 million, which is equivalent to over 55 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, substantial cash flows are expected to be available for future share buy-backs 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 2015.

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 2015 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.

Daniel Pajer	**Daniel Moreno**
Audit expert	Audit expert
Auditor in charge	

Zurich, 3 March 2016

Consolidated statement of comprehensive income

For the year ended 31 December 2015 (all amounts in USD thousands unless otherwise stated)

	Note	2015	2014
Income			
Income from non-current assets:			
Net gain on investments designated at fair value through profit or loss	12	50,563	55,203
Net gain on derivative financial instruments designated at fair value through profit or loss	12	47	725
Total gains from non-current assets		**50,610**	**55,928**
Income from current assets:			
Net loss on marketable securities designated at fair value through profit or loss	12	(357)	(384)
Loss on foreign exchange net		(160)	(425)
Interest income	5	27	21
Other income		52	39
Total losses from current assets		**(438)**	**(749)**
Total income		**50,172**	**55,179**
Expenses			
Management and performance fees	6	(12,980)	(18,874)
Expenses from investments		(1,202)	(1,144)
Other operating expenses	7	(1,462)	(1,619)
Total operating expenses		**(15,644)**	**(21,637)**
Operating profit		**34,528**	**33,542**
Finance costs	8	(9)	(5)
Profit for the year before taxes		**34,519**	**33,537**
Tax refund/(expenses)	9	797	(713)
Profit for the year after taxes		**35,316**	**32,824**
Total comprehensive income for the year		**35,316**	**32,824**
Profit attributable to:			
Shareholders		35,316	32,824
Non-controlling interest		—	—
		35,316	**32,824**
Total comprehensive income attributable to:			
Shareholders		35,316	32,824
Non-controlling interest		—	—
		35,316	**32,824**
Earnings per share (USD) attributable to equity holders	2 (o)		
Weighted average number of shares outstanding during the year		32,530,882	34,706,597
Basic profit per share		USD 1.09	USD 0.95
Diluted profit per share		USD 1.09	USD 0.95

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

Consolidated balance sheet

As of 31 December 2015 (all amounts in USD thousands unless otherwise stated)

	Note	2015	2014
Assets			
Current assets:			
Cash and cash equivalents	10	78,261	26,868
Accrued income and other receivables	11	177	273
Total current assets		**78,438**	**27,141**
Non-current assets:			
Investments designated at fair value through profit or loss	12	412,918	503,628
Derivative financial instruments designated at fair value through profit or loss	12	712	1,228
Total non-current assets		**413,630**	**504,856**
Total assets		**492,068**	**531,997**
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	14	9,627	15,295
Total current liabilities		**9,627**	**15,295**
Equity			
Shareholders' equity:			
Share capital	15	113,844	121,213
Additional paid-in capital	15	62,965	62,965
Less treasury shares at cost	15	—	(4,856)
Less treasury shares at cost (bought for cancellation)	15	(67,777)	(21,505)
Retained earnings		373,408	358,884
Total shareholders' equity before non-controlling interests		**482,440**	**516,701**
Non-controlling interests		**1**	**1**
Total equity		**482,441**	**516,702**
Total liabilities and equity		**492,068**	**531,997**
Net asset value per share (USD):	2 (n)		
Number of shares issued as at year end		33,464,000	35,630,000
Number of treasury shares as at year end	15	—	(575,885)
Number of treasury shares (bought for cancellation) as at year end	15	(3,659,175)	(1,482,000)
Number of shares outstanding net of treasury shares as at year end		29,804,825	33,572,115
Net asset value per share		**16.19**	**15.39**

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 2015 (all amounts in USD thousands unless otherwise stated)

	Note	2015	2014
Cash flows from/(used in) operating activities:			
Purchase of investments		(11,766)	(24,885)
Proceeds from callable return of invested capital in investments		898	6,883
Proceeds from return of invested capital in investments		67,119	76,077
Proceeds from realised gains on investments		82,554	74,886
Proceeds from sales of securities		3,116	3,899
Interest received	5	27	21
Proceeds from other realised income		1	24
Investment expenses paid		(1,941)	(1,144)
Withholding taxes paid for investments	9	(1,092)	(713)
Withholding taxes refunded from investments		2,187	—
Other operating expenses paid	6,7	(19,657)	(13,985)
Capital tax paid		(32)	(31)
Net cash flows from operating activities		**121,414**	**121,032**
Cash flows from/(used in) financing activities:			
Finance costs		(74)	(124)
Proceeds from sales of treasury shares	15	8,495	—
Purchase of treasury shares (bought for cancellation)	15	(77,951)	(31,192)
Capital repayments to investors	15	—	(97,301)
Net cash flows used in financing activities		**(69,530)**	**(128,617)**
Net increase/(decrease) in cash and cash equivalents		**51,884**	**(7,585)**
Cash and cash equivalents at beginning of year	10	26,868	34,947
Exchange losses on cash and cash equivalents		(491)	(494)
Cash and cash equivalents at end of year		**78,261**	**26,868**
Cash and cash equivalents consist of the following as at 31 December:			
Cash at banks		70,961	7,868
Time deposits < 90 days		7,300	19,000
Total		**78,261**	**26,868**

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 2015 (all amounts in USD thousands unless otherwise stated)

	Note	Share capital	Additional paid-in capital	Less treasury shares	Retained earnings	Non-controlling interests	Total equity
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 (bought for cancellation)	15	—	—	(31,342)	—	—	(31,342)
Cancellation of treasury shares	15	(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	15	—	(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**
1 January 2015		**121,213**	**62,965**	**(26,361)**	**358,884**	**1**	**516,702**
Total comprehensive income for the year		—	—	—	35,316	—	35,316
Sale of treasury shares	15	—	—	4,857	3,639	—	8,496
Purchase of treasury shares (bought for cancellation)	15	—	—	(78,073)	—	—	(78,073)
Cancellation of treasury shares	15	(7,369)	—	31,800	(20,178)	—	4,253
Impact of CHF/USD historical rates on the cancellation of treasury shares		—	—	—	(4,253)	—	(4,253)
31 December 2015		**113,844**	**62,965**	**(67,777)**	**373,408**	**1**	**482,441**

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 2015
(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 paid in share capital for these non-voting participating ordinary shares amounts to USD 683 and is presented in the balance sheet as an non-controlling interest. The Group consolidated the Overseas Subsidiary per 31 December 2015 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 412,521 per 31 December 2015 (per 31 December 2014: TUSD 522,342). 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 consolidated the Overseas Subsidiary per 31 December 2015 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 2015 and 31 December 2014 the Group did not employ any employees.

2 Summary of accounting policies for the consolidated financial statements

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The accompanying consolidated financial statements of the Group for the year ended 31 December 2015 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.

The board considers the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for the shareholders to assess the Company's performance, business model and strategy.

a) Standards and amendments to published standards that are mandatory for the financial year beginning on or after 1 January 2015
There are no IFRS standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2015 that would be expected to have a material impact on the Group.

b) Standards and amendments to published standards effective after 1 January 2016 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 2016, 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 for annual periods beginning on or after 1 January 2018, retrospective application, earlier application permitted): The complete version of IFRS 9 "Financial Instruments" includes requirements on the classification and measurement of financial assets and liabilities; it defines three classification categories for debt instruments: amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVPL"). Classification for investments in debt instruments is driven by the entity's business model for managing financial assets and their contractual cash flows. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. No changes were introduced for the classification and measurement of financial liabilities, except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss.
  IFRS 9 also contains a new impairment model which will result in earlier recognition of losses. The expected credit losses (ECL) model is a "three-stage" model for impairment based on changes in credit quality since initial recognition.
  In addition, the new standard contains amendments to general hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. The Group has yet to assess the full impact of this standard and has not yet decided when to adopt it. The implementation of these amendments would not lead to any changes in the consolidation net asset value of the Group.; 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 for investment entities. The amended standard basically requires an investment entity to measure its subsidiary that is also an investment entity at fair value rather than to consolidate such subsidiary. Significant judgement is required to assess whether all of the characteristics of an investment entity are met at the level of the subsidiary and hence exemption from consolidation applies. At present, the Group believes there is scope to continue to prepare consolidated financial statements however, it also follows ongoing industry discussions and performs an in-depth analysis whether it should continue to consolidate its subsidiary or measure it at fair value starting from 1 January 2016.
  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 is currently assessing the full impact of this standard.

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 i) 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 all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those return through its power to direct the activities of the entity. 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 Offshore Partnership Fund L.P. (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 2015	Chancellor Private Capital Offshore Partners II, L.P. – in liquidation[1] TUSD	Chancellor Offshore Partnership Fund, L.P.[2] TUSD
Total assets	—	3,763
Total liabilities	—	(85)
Income	—	—
Profit	—	117

[1] In liquidation since 2012.
[2] The June 2015 figures have been annualised.

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)
Income	—	—
Loss	—	(4)

[1] In Liquidation since 2012.
[2] The September 2014 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) Non-controlling interest holders

Non-controlling interest holders in the consolidated financial statements are presented as a component of equity. The profit or loss for the period and the total comprehensive income are allocated in the consolidated statement of comprehensive income to the amounts attributable to non-controlling interest holders and to the shareholders.

g) Foreign currency

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

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

h) Cash and cash equivalents

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

i) Financial assets and liabilities at fair value through profit or loss

Under IAS 39, the Group has designated all its investments and marketable securities into financial assets at fair value through profit or loss. This category was chosen as it reflects the business of an investment entity: 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 Group's policy is for the AIFM and the board of directors to evaluate the information about these financial assets on a fair value basis together with other related financial information. The category of financial assets and liabilities at fair value through profit or loss comprises:

– Financial instruments held-for-trading. These include futures, forward contracts, options and swaps.
– Financial instruments designated at fair value through profit or loss upon initial recognition. These include financial assets that are not held for trading purposes and which may be sold.

Financial assets that are classified as loans and receivables include balances due from brokers and accounts receivable.

Financial liabilities that are not at fair value through profit or loss include balances due to brokers and accounts payable.

(i) Recognition and derecognition

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

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expires.

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.

(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

Options

The Group enters into options to speculate on the price movements of the financial instrument underlying the option, or for use as an economic hedge against certain equity positions held in the Group's investment portfolio. When the Group writes or purchases put or call options, an amount equal to the premium received or paid is recorded as a liability or an asset and is subsequently marked-to-market in the consolidated balance sheet. Premiums received or paid from writing or purchasing put or call options which have expired or were unexercised are recognised on their expiry date as realised gains or losses in the consolidated statement of comprehensive income. If an option is exercised, the premium received or paid is included with the proceeds or the cost of the transaction to determine whether the Group has realised a gain or loss on the related investment transaction on the statement of comprehensive income. When the Company enters into a closing transaction, it will realise a gain or loss in its consolidated statement of comprehensive income depending upon whether the amount from the closing transaction is greater or less than the premium received or paid. The options are valued at close of business on the dealing day at the settlement price as provided by the counterparty LGT Bank Ltd.

Listed securities

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. 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. None of the investments outlined in the portfolio of investments belong to this category as of 31 December 2015 (31 December 2014: none).

Primary fund investments

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 by the board of directors. Private equity valuations are usually generated by the managers of the underlying portfolio of investments on a quarterly basis and are actually received with a delay of at least one-to-two months after the quarter end date. As a result, the year-end net asset value predominantly consists of portfolio valuations provided by the investment managers of the underlying funds as of 30 September 2015, adjusted for subsequent capital calls and distributions. If the 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 valuation adjustments relate to events subsequent to the last capital account valuation statement received but based upon information provided by the investment manager. 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-observable 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 (58.9 per cent of private equity assets as of 12 February 2016). This includes a detailed analysis of exits (trade sales, initial public offerings, etc.) which the fund investments have had 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 fund investments which make up a significant portion of the Group's net asset value.

All fair valuations may differ significantly from values that would have been used had ready markets existed, and the differences could be material. The valuation of the investments is performed on a regular basis, but at least quarterly.

Secondary fund investments
The fair value measurement principles applied to secondary investments are the same as those applied to primary investments with the exception that commitments to secondary fund investments are recognised in the Company's accounts when the sale and purchase agreement is signed but cost and fair value are not recognised until such time as the investment manager's consent has been received and any rights of first refusals have expired.

Where an investment manager valuation specific to the Group is not available, a comparable valuation pertaining to a similar commitment may be used as a representative of the fair value of the Group's investment.

(iv) Net gain on investments
Net gain on investments is comprised of realised and unrealised gains on investments. Realised gains are recognised as being the difference between the cost value of an investment and the proceeds received from the sale of the investment in the year that the investment was sold.

(v) Allocation of proceeds from investments
Distributions from primary investments are typically applied to return of capital and realised gains on the basis of the allocation provided by the investment manager. In the absence of this allocation the distribution is applied as a return of capital until all contributed capital has been returned and thereafter applied to realised gains. Distributions from secondary investments are typically applied as a return of capital until such time as the contributed capital has been recovered in full and thereafter applied to realised gains. Any portion of the distributions which is identified as recallable is included in the unfunded commitment of the relevant investment.

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

(vii) 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.

(viii) 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.

j) Accrued income and other receivables
Accrued income and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

k) Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowing using the effective interest method. Borrowings are shown as current liabilities unless the Group has the unconditional right to defer settlement for at least 12 months after the balance sheet date. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

l) Payables and accrued expenses
Payables and accrued expenses are recognised initially at fair value and subsequently stated at amortised cost.

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 recorded as a deduction from the consolidated shareholders' equity at the amount of considerations paid ("Total cost"). The gains and losses on sales of treasury shares are credited or charged to the retained earnings account. Upon cancellation, resulting differences between the exchange rates from the time of purchase of the treasury shares to the historical rates are also recognised in retained earnings. The FIFO (first in/first out) method is used for derecognition. The purchase price is booked gross with transaction costs and withholding tax.

n) Share capital
The share capital of the Company at 31 December 2015 amounts to TCHF 167,320 (TUSD 113,844) consisting of 33,464,000 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 board of directors uses its judgement to select a variety of methods and makes assumptions that are not always supported by observable market prices or rates. The majority of the Group's investments use either U.S. GAAP or utilise a combination of IFRS and International Private Equity and Venture Capital ("IPEVC") valuation guidelines to value their underlying investments. The predominant methodology adopted by the investment managers for the buyout investments in the Group is a market approach which takes market multiples using a specified financial measure (e.g. EBITDA), recent public market and private transactions and other available measures for valuing comparable companies.

The use of valuation techniques requires them to make estimates. Changes in assumptions could affect the reported fair value of these investments. As of 31 December there were no investments for which the board of directors made valuation adjustments.

	2015 TUSD	2014 TUSD
Fair value of investments designated at fair value through profit or loss whose valuations were adjusted	–	–
% of total fair value of investments designated at fair value through profit or loss	**0.00%**	**0.00%**

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**	**2015 USD**	**2014 USD**
Swiss Francs	Year-end rates	1 CHF	0.999800	1.006441
British Pound	Year-end rates	1 GBP	1.474700	1.559200
Euro	Year-end rates	1 EUR	1.087000	1.210100
Swiss Francs	Average annual rates	1 CHF	1.034266	1.090586
British Pound	Average annual rates	1 GBP	1.527725	1.645567
Euro	Average annual rates	1 EUR	1.111636	1.323366

5 Interest income

Interest income for the year was earned on:

Interest income	2015 TUSD	2014 TUSD
Interest income from deposit at related party	1	1
Interest income from deposit at third party	26	20
Total	**27**	**21**

6 Management and performance fees

Management and performance fees are composed as follows:

Management and performance fees	2015 TUSD	2014 TUSD
Management fee – related party	5,243	5,970
Performance fee – related party	7,737	12,904
Total	**12,980**	**18,874**

7 Other operating expenses

Other operating expenses are composed as follows:

Other operating expenses	2015 TUSD	2014 TUSD
Related party fees:		
Credit facility standby fees	61	121
Administrative fees	302	355
Directors' fees and expenses	294	231
Domicile fees	9	10
Third party fees:		
Custody fees	171	189
Annual and quarterly reports	47	75
Legal fees	41	46
Tax advisory fees	122	99
Audit fees	171	195
Project expenses	—	4
Capital taxes Switzerland	32	28
Other expenses	212	266
Total	**1,462**	**1,619**

8 Finance costs

Interest expense for the year was paid on:

Finance costs	2015 TUSD	2014 TUSD
Due to banks – related party	–	–
Due to banks – third party	9	5
Total	**9**	**5**

9 Taxes

Reconciliation of income tax calculated with the applicable tax rate:

Income tax reconciliation	2015 TUSD	2014 TUSD
Profit for the year before taxes	34,519	33,537
Applicable tax rate	7.8%	7.8%
Income tax	2,694	2,616
Effect from: non-taxable income	(2,692)	(2,616)
Total	**2**	–

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

Taxes	2015 TUSD	2014 TUSD
Withholding tax (refund)/expense for investments	(799)	713
Income tax	2	–
Total	**(797)**	**713**

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	2015 TUSD	2014 TUSD
Cash at banks		
Related party	444	1,421
Third party	70,517	6,447
Time deposit		
Third party	7,300	19,000
Total	**78,261**	**26,868**

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 2015 – 31 December 2015	**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)	**10,322**	**(73,769)**	**(78,388)**	**3,474**	**(3,474)**
Cash flows for investment activities	—	67,119	82,554	—	—
Purchase of investments	(11,766)	—	—	—	—
Proceeds from callable return of invested capital in investments	898	—	—	—	—
Purchase of marketable securities	—	—	—	—	—
Sale of marketable securities	—	—	—	—	3,474
Non-cash transactions					
Deemed distributions and account reclassification[1]	546	1,740	(2,730)	—	—
In kind distributions[2]	—	283	3,191	(3,474)	—
Revaluation of foreign currency positions[3]	—	4,627	(4,627)	—	—
Total cash and non-cash transactions	**(10,322)**	**73,769**	**78,388**	**(3,474)**	**3,474**
Reconciliation	—	—	—	—	—

	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 41)	**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	—	—
Total cash and non-cash transactions	**(19,033)**	**80,897**	**74,801**	**(4,272)**	**4,272**
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 Accrued income and other receivables

Accrued income and other receivables are composed of:

Accrued income and other receivables	2015 TUSD	2014 TUSD
Receivable from investments	57	224
Other receivables	120	49
Total	**177**	**273**

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

As of 31 December 2015 the Group had subscribed interests in 107 (31 December 2014: 112) 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 1,232,501 (31 December 2014: TUSD 1,323,111) of which TUSD 1,176,376 (31 December 2014: TUSD 1,248,606) 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.
– Chancellor Offshore 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.

The board of directors, together with the investment manager, has reviewed the valuation of the underlying private equity investments per 31 December 2015.

Investments, marketable securities and derivative financial instruments designated at fair value through profit or loss[1)]

As of 31 December 2015 (all amounts in USD thousands unless otherwise stated)

	Deal currency	Vintage year	Geography	Commitment 31.12.2014	Cost 1.1.2014	Cost 31.12.2014	Fair value 31.12.2014	Commitment 31.12.2015	Cost 31.12.2015	Fair value 31.12.2015	FMV in %
Balanced stage											
Chancellor Offshore Partnership Fund, L.P.	USD	1997	North America	235,000	—	—	4,007	235,000	—	3,673	0.89%
Chancellor Partnership Fund, L.P.	USD	1997	North America	14,518	—	—	118	14,518	—	—	0.00%
Landmark Equity Partners III, L.P. (Secondary – Vinegar)[2),5)]	USD	1998	North America	12,171	—	—	16	12,171	—	16	0.00%
Crown Global Secondaries plc	USD	2004	North America	30,000	9,412	7,732	8,235	30,000	5,917	6,556	1.58%
Total balanced stage				**291,689**	**9,412**	**7,732**	**12,376**	**291,689**	**5,917**	**10,245**	**2.48%**
Buyout stage											
Large buyout											
Doughty Hanson & Co III, L.P. 15	USD	1997	Europe	10,000	2,292	2,292	1,589	10,000	2,292	1,925	0.47%
Clayton, Dubilier & Rice Fund VI, L.P.	USD	1998	North America	10,000	3,414	2,600	39	10,000	2,600	25	0.01%
BC European Capital VII[3)]	EUR	2000	Europe	12,101	2,159	2,132	61	10,870	2,132	53	0.01%
Permira Europe II, L.P. II[3)]	EUR	2000	Europe	12,101	2,340	2,340	613	10,870	2,280	86	0.02%
T3 Parallel, L.P.	USD	2000	North America	3,740	—	—	3	—	—	—	0.00%
TPG Parallel III, L.P.	USD	2000	North America	5,000	1,300	1,300	146	5,000	1,253	165	0.04%
T3 Parallel II, L.P.	USD	2001	North America	5,000	1,520	1,520	686	5,000	1,239	344	0.08%
Warburg Pincus Private Equity VIII, L.P.	USD	2001	North America	15,000	193	—	6,765	15,000	—	3,803	0.92%
Permira Europe III, L.P. II[3)]	EUR	2003	Europe	12,101	6,087	4,747	2,914	10,870	3,298	936	0.23%
TPG Partners IV, L.P.	USD	2003	North America	13,954	8,200	7,298	5,040	13,954	6,509	4,364	1.06%
Silver Lake Partners II, L.P.	USD	2004	North America	10,000	4,734	4,221	5,034	10,000	2,271	3,089	0.75%
Clayton, Dubilier & Rice Fund VII, L.P.	USD	2005	North America	15,000	7,561	4,592	8,030	15,000	2,889	6,881	1.66%
Greenhill Capital Partners II, L.P.	USD	2005	North America	10,000	5,502	5,472	2,515	10,000	4,590	1,779	0.43%
KKR European Fund II, L.P.[3)]	EUR	2005	Europe	12,101	8,835	7,334	5,066	10,870	6,332	3,526	0.85%
First Reserve XI, L.P.	USD	2006	North America	15,000	10,873	10,549	8,089	15,000	10,182	2,407	0.58%
Permira IV, L.P. 2[3)]	EUR	2006	Europe	12,705	8,776	6,357	4,490	11,413	3,253	1,850	0.45%
TPG Partners V, L.P.	USD	2006	North America	30,000	23,213	21,754	22,650	28,727	18,978	16,432	3.97%
Clayton, Dubilier & Rice Fund VII (Co-Investment), L.P.	USD	2007	North America	3,000	2,320	1,501	2,942	3,000	796	2,439	0.59%
Bain Capital Fund X, L.P.	USD	2008	North America	12,000	10,046	8,264	8,951	12,000	6,735	6,516	1.58%
Bain Capital X Coinvestment Fund, L.P.	USD	2008	North America	420	329	303	398	420	279	269	0.07%
TPG Partners VI, L.P.	USD	2008	North America	18,000	11,443	12,635	15,663	18,000	11,291	13,067	3.16%
Total large buyout				**237,223**	**121,137**	**107,211**	**101,684**	**225,994**	**89,199**	**69,956**	**16.91%**
Middle market buyout											
Carlyle II Co-Investments[6)]	USD	1997	North America	395	108	108	3	395	108	3	0.00%
Carlyle International Partners II, L.P.	USD	1997	North America	3,000	73	71	—	3,000	71	—	0.00%
3i Europartners IIIA, L.P.[3)]	EUR	1999	Europe	12,101	1,456	1,403	18	—	—	—	0.00%
The Triton Fund (No. 9) L.P.[3)]	EUR	1999	Europe	10,517	1,213	720	150	9,448	720	143	0.03%
Newbridge Asia III, L.P.	USD	2000	Asia	10,000	1,225	1,217	46	—	—	—	0.00%

	Deal currency	Vintage year	Geography	Commitment 31.12.2014	Cost 1.1.2014	Cost 31.12.2014	Fair value 31.12.2014	Commitment 31.12.2015	Cost 31.12.2015	Fair value 31.12.2015	FMV in %
Warburg Pincus International Partners, L.P.	USD	2000	Europe	10,000	877	64	3,690	10,000	—	2,026	0.49%
Bain Capital Fund VII-E, L.P.	USD	2002	Europe	8,000	1,205	1,205	—	8,000	1,205	—	0.00%
J.W. Childs Equity Partners III, L.P.	USD	2002	North America	12,000	4,346	962	17	12,000	952	—	0.00%
Bain Capital Fund VIII-E, L.P.[3)]	EUR	2004	Europe	12,101	6,710	6,321	4,185	10,870	5,069	3,509	0.85%
Odyssey Investment Partners III, L.P.	USD	2004	North America	10,000	3,784	1,746	2,914	10,000	1,736	3,090	0.75%
Asia Opportunity Fund II, L.P.	USD	2005	Asia	7,000	2,903	2,135	18	—	—	—	0.00%
Newbridge Asia IV, L.P.	USD	2005	Asia	10,000	5,914	3,938	2,983	10,000	3,722	1,103	0.27%
SB Asia Investment Fund II, L.P.	USD	2005	Asia	7,000	3,362	3,057	13,005	7,000	2,499	10,428	2.52%
Chequers XV, FCPR[3)]	EUR	2006	Europe	9,680	8,139	4,654	3,143	8,696	4,076	1,961	0.47%
Court Square Capital Partners II, L.P.	USD	2006	North America	15,000	8,853	8,143	8,866	15,000	6,800	6,844	1.65%
Polish Enterprise Fund VI, L.P.[3)]	EUR	2006	Europe	12,101	9,812	10,185	12,469	10,870	9,261	12,336	2.98%
The Triton Fund II, L.P.[3)]	EUR	2006	Europe	14,521	9,982	9,506	7,855	13,044	6,250	4,814	1.16%
Wellspring Capital Partners IV, L.P.	USD	2006	North America	10,000	5,448	5,356	5,917	10,000	4,152	4,935	1.19%
Advent Latin American Private Equity Fund IV, L.P.	USD	2007	Other	10,000	6,736	6,449	5,508	10,000	6,039	4,341	1.05%
CDH China Fund III, L.P.	USD	2007	Asia	9,000	3,085	2,700	9,323	9,000	1,962	7,716	1.87%
CDH Supplementary Fund III, L.P.	USD	2007	Asia	3,000	1,645	1,658	3,381	3,000	1,562	2,897	0.70%
Crown Asia-Pacific Private Equity plc	USD	2007	Asia	40,000	27,115	24,875	32,158	40,000	21,875	28,805	6.96%
EOS Capital Partners IV, L.P.	USD	2007	North America	15,000	8,422	9,136	11,751	15,000	8,444	10,932	2.64%
Genstar Capital Partners V, L.P.	USD	2007	North America	10,000	5,871	4,722	5,704	10,000	4,035	5,683	1.37%
SAIF Partners III, L.P.	USD	2007	Asia	10,000	9,650	8,696	12,451	10,000	6,936	14,308	3.46%
STG III, L.P.	USD	2007	North America	9,450	7,744	7,510	9,900	9,450	6,291	8,166	1.97%
Bain Capital Europe Fund III, L.P.[3)]	EUR	2008	Europe	12,101	9,283	9,809	10,088	10,870	7,211	10,224	2.47%
Hahn & Company I, L.P.	USD	2011	Asia	10,000	4,849	6,503	10,598	10,000	7,273	12,070	2.92%
Bain Capital Asia Fund II, L.P.	USD	2012	Asia	10,000	2,675	4,943	5,684	10,000	7,353	9,131	2.21%
Total middle market buyout				**311,967**	**162,485**	**147,792**	**181,825**	**275,643**	**125,602**	**165,465**	**40.00%**
Small buyout											
Chequers Capital FCPR[3)]	EUR	2002	Europe	10,285	4,182	3,184	1,779	9,240	2,661	1,364	0.33%
MBO Capital FCPR[3)]	EUR	2002	Europe	6,051	—	—	1,134	5,435	—	523	0.13%
Nmas1 Private Equity Fund No.2 L.P.[3)]	EUR	2002	Europe	6,051	1,381	1,256	195	5,435	1,256	166	0.04%
Arsenal Capital Partners QP II-B, L.P.	USD	2006	North America	13,000	8,907	6,264	13,584	13,000	4,899	9,560	2.31%
Bancroft II, L.P. (Secondary – Atlantic)[3),5)]	EUR	2006	Europe	4,230	—	—	551	3,800	—	280	0.07%
J.P. Morgan Italian Fund III (Secondary – Atlantic)[3),5)]	EUR	2006	Europe	8,213	6,183	6,183	—	7,376	6,183	—	0.00%
Wynnchurch Capital Partners II, L.P.	USD	2006	North America	7,500	4,223	3,723	3,102	7,500	3,570	2,769	0.67%
Crown European Buyout Opportunities II plc[3)]	EUR	2007	Europe	36,303	19,936	19,680	22,404	32,610	16,584	18,592	4.49%
PortPEP Limited (Secondary – Port)[3)]	EUR	2011	Europe	13,069	8,794	3,363	9,264	11,740	—	4,481	1.08%
Total small buyout				**104,702**	**53,606**	**43,653**	**52,013**	**96,136**	**35,153**	**37,735**	**9.12%**
Total buyout stage				**653,892**	**337,228**	**298,656**	**335,522**	**597,773**	**249,954**	**273,156**	**66.04%**

	Deal currency	Vintage year	Geography	Commitment 31.12.2014	Cost 1.1.2014	Cost 31.12.2014	Fair value 31.12.2014	Commitment 31.12.2015	Cost 31.12.2015	Fair value 31.12.2015	FMV in %
Special situations stage											
Distressed debt											
OCM Opportunities Fund IV, L.P.	USD	2001	North America	5,000	—	—	10	5,000	—	15	0.00%
OCM Principal Opportunities Fund II, L.P.	USD	2001	North America	5,000	—	—	9	5,000	—	5	0.00%
OCM Opportunities Fund IVb, L.P.	USD	2002	North America	5,000	—	—	7	5,000	—	12	0.00%
Sun Capital Securities Offshore Fund, Ltd.	USD	2004	North America	10,000	5,581	4,965	2,176	10,000	4,724	1,035	0.25%
OCM European Principal Opportunities Fund, L.P.	USD	2006	Europe	15,000	—	—	796	15,000	—	1,238	0.30%
OCM Principal Opportunities Fund IV, L.P.	USD	2006	North America	10,000	1,117	—	5,011	10,000	—	5,234	1.27%
Sun Capital Securities Offshore Fund, Ltd. (Second Tranche)	USD	2006	North America	10,000	2,294	2,131	2,472	10,000	1,930	1,102	0.27%
Fortress Investment Fund V (Coinvestment Fund D), L.P.	USD	2007	North America	7,200	6,158	5,481	3,639	7,200	5,481	3,626	0.88%
Fortress Investment Fund V (Fund D), L.P.	USD	2007	North America	7,500	6,002	4,369	7,951	7,500	3,926	8,971	2.17%
OCM Opportunities Fund VII, L.P.	USD	2007	North America	10,000	—	—	2,056	10,000	—	1,216	0.29%
Castlelake I, L.P.	USD	2007	North America	15,000	7,664	3,393	11,769	15,000	—	6,841	1.65%
Oaktree European Credit Opportunities Fund, L.P.[3]	EUR	2008	Europe	12,101	4,764	4,764	227	10,870	4,688	83	0.02%
OCM European Principal Opportunities Fund II, L.P.[3]	EUR	2008	Europe	9,076	4,970	2,421	5,521	8,153	1,718	3,793	0.92%
OCM Opportunities Fund VIIb, L.P.	USD	2008	North America	13,500	—	—	2,160	13,500	—	1,310	0.32%
Total distressed debt				**134,377**	**38,550**	**27,524**	**43,804**	**132,223**	**22,467**	**34,481**	**8.34%**
Total special situations stage				**134,377**	**38,550**	**27,524**	**43,804**	**132,223**	**22,467**	**34,481**	**8.34%**
Venture stage											
Early stage venture											
Chancellor Private Capital Offshore Partners II, L.P.	USD	1997	North America	25,000	—	—	—	—	—	—	0.00%
Strategic European Technologies N.V.[3]	EUR	1997	Europe	8,292	—	—	280	7,448	—	216	0.05%
Invesco Venture Partnership Fund II, L.P.	USD	1999	North America	15,000	2,111	1,953	1,509	15,000	1,658	592	0.14%
Balderton Capital I, L.P.	USD	2000	Europe	5,333	3,329	3,329	1,817	5,333	3,315	1,410	0.34%
Chancellor V, L.P.	USD	2000	North America	20,000	5,132	3,803	2,150	20,000	3,493	1,788	0.43%
Galileo III FCPR[3]	EUR	2000	Europe	7,646	3,157	2,775	2,901	6,868	2,775	2,905	0.70%
Jerusalem Venture Partners IV, L.P.	USD	2000	Other	8,000	1,061	1,061	3,090	8,000	—	1,742	0.42%
Global Life Science Venture Fund II, L.P.[3]	EUR	2002	Europe	6,051	4,028	3,429	708	5,435	3,429	234	0.06%
Amadeus II Fund C GmbH & Co. KG (Secondary – Vermont)[4),5)]	GBP	2005	Europe	1,226	895	845	719	1,160	820	764	0.18%
Balderton Capital II, L.P.	USD	2005	Europe	4,000	3,639	3,578	741	4,000	3,416	546	0.13%
Battery Ventures VII, L.P.	USD	2005	North America	3,000	1,755	1,259	1,751	3,000	1,117	1,555	0.38%
BCPI I, L.P. (Secondary – Vermont)[5]	USD	2005	Other	1,833	1,510	1,510	640	1,833	1,057	262	0.06%
Benchmark Israel II, L.P.	USD	2005	Other	4,602	2,125	1,852	3,561	4,602	1,852	2,883	0.70%
Cipio Partners Fund III GmbH & Co. KG (Secondary – Vermont)[3),5)]	EUR	2005	Europe	—	4,212	—	—	—	—	—	0.00%
H.I.G. Venture Partners II, L.P.	USD	2005	North America	5,000	4,240	4,301	3,004	5,000	4,107	2,358	0.57%

	Deal currency	Vintage year	Geography	Commitment 31.12.2014	Cost 1.1.2014	Cost 31.12.2014	Fair value 31.12.2014	Commitment 31.12.2015	Cost 31.12.2015	Fair value 31.12.2015	FMV in %
Jerusalem Venture Partners IV, L.P. (Secondary – Vermont)[5]	USD	2005	Other	662	—	—	419	662	—	235	0.06%
Battery Ventures VIII, L.P.	USD	2007	North America	4,000	2,767	2,393	3,275	4,000	2,321	3,390	0.82%
Battery Ventures VIII Side Fund, L.P.	USD	2008	North America	1,050	631	334	430	1,050	356	280	0.07%
Carmel Ventures III, L.P.	USD	2008	Other	6,000	4,556	4,974	7,696	6,000	5,201	10,123	2.45%
Mangrove III S.C.A. SICAR[3]	EUR	2008	Europe	6,051	5,399	5,640	5,057	5,435	5,666	4,852	1.17%
Total early stage venture				**132,746**	**50,547**	**43,036**	**39,748**	**104,826**	**40,583**	**36,135**	**8.74%**
Growth capital											
Kennet III A, L.P.[3]	EUR	2007	Europe	9,681	9,220	9,265	10,239	8,696	9,153	7,436	1.80%
Summit Partners Europe Private Equity Fund, L.P.[3]	EUR	2009	Europe	8,471	3,858	4,471	4,180	7,609	5,269	4,825	1.17%
Total growth capital				**18,152**	**13,078**	**13,736**	**14,419**	**16,305**	**14,422**	**12,261**	**2.96%**
Late stage venture											
WCAS Capital Partners III, L.P.	USD	1997	North America	15,000	1,828	1,746	1,287	15,000	616	10	0.00%
TCV III (Q), L.P.	USD	1999	North America	3,500	557	556	73	3,500	556	73	0.02%
TCV IV, L.P.	USD	1999	North America	7,000	2,701	2,622	27	7,000	2,589	7	0.00%
Columbia Capital Equity Partners III (Cayman), L.P.	USD	2000	North America	5,000	2,133	1,751	1,329	5,000	1,551	886	0.21%
MPM BioVentures II-QP, L.P.	USD	2000	North America	—	3,426	—	—	—	—	—	0.00%
New Enterprise Associates 10, L.P.	USD	2000	North America	10,000	7,379	7,180	3,222	10,000	6,964	3,152	0.76%
Index Ventures II (Jersey), L.P.	USD	2001	Europe	7,500	3,069	2,969	1,142	7,500	2,928	951	0.23%
Columbia Capital Equity Partners IV (Non-US), L.P.	USD	2005	North America	10,000	4,863	4,522	9,537	10,000	4,257	9,292	2.25%
Index Ventures III (Jersey), L.P.[3]	EUR	2005	Europe	8,471	5,537	5,002	7,058	7,609	4,274	4,677	1.13%
New Enterprise Associates 12, L.P.	USD	2006	North America	5,000	4,575	4,477	3,309	5,000	4,255	2,528	0.61%
Index Ventures IV (Jersey), L.P.[3]	EUR	2007	Europe	6,051	4,177	4,338	4,634	5,435	4,070	4,599	1.11%
Total late stage venture				**77,522**	**40,245**	**35,163**	**31,618**	**76,044**	**32,060**	**26,175**	**6.33%**
Total venture stage				**228,420**	**103,870**	**91,935**	**85,785**	**197,175**	**87,065**	**74,571**	**18.03%**
Co-Investment and other											
Large buyout											
Co-Investment 1[3]	EUR	2011	Europe	3,624	4,292	4,291	6,855	3,255	2,156	3,395	0.82%
Co-Investment 2	USD	2011	Asia	4,000	3,275	2,556	4,596	4,000	1,785	3,926	0.95%
Total large buyout				**7,624**	**7,567**	**6,847**	**11,451**	**7,255**	**3,941**	**7,321**	**1.77%**

	Deal currency	Vintage year	Geography	Commitment 31.12.2014	Cost 1.1.2014	Cost 31.12.2014	Fair value 31.12.2014	Commitment 31.12.2015	Cost 31.12.2015	Fair value 31.12.2015	FMV in %
Small buyout											
Co-Investment 4[3)]	EUR	2011	Europe	2,269	2,526	2,525	3,852	2,038	2,526	3,485	0.84%
Co-Investment 5[3)]	EUR	2011	Europe	4,840	3,371	5,440	10,838	4,348	5,440	9,659	2.34%
Total small buyout				**7,109**	**5,897**	**7,965**	**14,690**	**6,386**	**7,966**	**13,144**	**3.18%**
Total Co-Investment and other				**14,733**	**13,464**	**14,812**	**26,141**	**13,641**	**11,907**	**20,465**	**4.95%**
Total investments designated at fair value through profit or loss				**1,323,111**	**502,524**	**440,659**	**503,628**	**1,232,501**	**377,310**	**412,918**	**99.83%**
Derivative financial instruments designated at fair value through profit or loss											
Deferred put option (Currency Hedge)[7)]	USD	2011	Asia	—	338	227	1,228	—	129	712	0.17%
Total derivative financial instruments designated at fair value through profit or loss				**—**	**338**	**227**	**1,228**	**—**	**129**	**712**	**0.17%**
Total				**1,323,111**	**502,862**	**440,886**	**504,856**	**1,232,501**[8)]	**377,439**	**413,630**	**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 1.087000 as of 31 December 2015 and 1.210100 as of 31 December 2014.
4) Total commitment translated from GBP value at 1.474700 as of 31 December 2015 and 1.559200 as of 31 December 2014.
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) Deferred put option in JPY/USD due to Co-Investment 2.
8) Total paid in amounted to TUSD 1,176,376 (31 December 2014: TUSD 1,248,606).

Movements in investments, marketable securities and derivative instruments designated at fair value through profit or loss[1)]

For the year ended 31 December 2015 (all amounts in USD thousands unless otherwise stated)

	2015	Value per 1 January 2015	Additions (capital calls)[2)]	Disposals (returns of capital)	Unrealised gains	Unrealised losses	Value per 31 December 2015	Total realised gains/ (losses) per 31 December 2015[3)]	Net gains/ (losses) per 31 December 2015	Uncalled commitment amount[4)]
Marketable securities		—	**3,474**	**(3,474)**	—	—	—	**(357)**	**(357)**	—
Balanced stage		**12,376**	—	**(1,815)**	**136**	**(452)**	**10,245**	**390**	**74**	**10,858**
Buyout stage	large buyout stage	101,684	507	(18,518)	1,885	(15,602)	69,956	20,990	7,273	9,982
	middle market buyout stage	181,825	4,796	(26,983)	15,418	(9,591)	165,465	19,375	25,202	18,678
	small buyout stage	52,013	2,734	(11,234)	107	(5,885)	37,735	10,202	4,424	9,154
	Total buyout stage	**335,522**	**8,037**	**(56,735)**	**17,410**	**(31,078)**	**273,156**	**50,567**	**36,899**	**37,814**
Special situations stage	distressed debt stage	43,804	196	(5,252)	2,138	(6,405)	34,481	2,246	(2,021)	1,745
	Total special situations stage	**43,804**	**196**	**(5,252)**	**2,138**	**(6,405)**	**34,481**	**2,246**	**(2,021)**	**1,745**
Venture stage	early stage venture	39,748	302	(2,756)	2,536	(3,695)	36,135	7,896	6,737	3,776
	growth capital stage	14,419	1,719	(1,033)	—	(2,844)	12,261	2,933	89	1,348
	late stage venture	31,618	68	(3,172)	410	(2,749)	26,175	11,774	9,435	584
	Total venture stage	**85,785**	**2,089**	**(6,961)**	**2,946**	**(9,288)**	**74,571**	**22,603**	**16,261**	**5,708**
Co-Investment	large buyout stage	11,451	—	(2,908)	101	(1,323)	7,321	2,117	895	—
	small buyout stage	14,690	—	—	—	(1,546)	13,144	—	(1,546)	—
	Total Co-Investment	**26,141**	—	**(2,908)**	**101**	**(2,869)**	**20,465**	**2,117**	**(651)**	—
Total investments		**503,628**	**10,322**	**(73,671)**	**22,731**	**(50,092)**	**412,918**	**77,923**	**50,562**	**56,125**
Derivative financial instruments	Deferred put option (Currency Hedge)	1,228	—	(98)	—	(418)	712	465	47	—
	Total derivative financial instruments	**1,228**	—	**(98)**	—	**(418)**	**712**	**465**	**47**	—
Total investments, marketable securities and derivative financial instruments		**504,856**	**13,796**	**(77,243)**	**22,731**	**(50,510)**	**413,630**	**78,031**	**50,252**	**56,125**

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.

	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.

In general, movements in investments and marketable 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 2015 (all amounts in USD thousands unless otherwise stated)

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	(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 commitments	Investments			
	TEUR	TGBP	TUSD	Total in TUSD converted at year end exchange rates
Commitments as of 1 January 2015	**274,758**	**786**	**1,005,770**	**1,323,111**
Liquidation/Sale of investments	(10,000)	—	(47,013)	(59,114)
Revaluation of foreign currency commitments	—	—	—	(31,496)
Commitments as of 31 December 2015	**264,758**	**786**	**958,757**	**1,232,501**

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	—	—	(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**

Movement of uncalled commitments	Investments			
	TEUR	TGBP	TUSD	Total in TUSD converted at year end exchange rates
Uncalled commitments as of 1 January 2015	**16,819**	**104**	**53,431**	**74,505**
Commitments decreased	—	—	(4,884)	(4,884)
Capital calls paid	(4,906)	—	(4,993)	(10,326)
Adjustments of uncalled due to exit of investments	(951)	—	—	(1,062)
Recallable distributions	—	—	6	6
Revaluation of foreign currency commitments	—	—	—	(2,114)
Uncalled commitments as of 31 December 2015	**10,962**	**104**	**43,560**	**56,125**

The following definitions explain the terms used on the previous page.

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 uncalled 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 uncalled commitment amount.

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

As of 30 June 2015 the Overseas Subsidiary terminated a credit facility with LGT Bank Ltd., Vaduz (related party) (31 December 2014: TUSD 18,000).

As at 31 December 2015 the Ireland Subsidiary has access to a TUSD 10,000 (31 December 2014: TUSD 12,000) credit facility with LGT Bank (Ireland) Ltd. (related party) based on a loan agreement dated 30 June 2015, effective from 30 June 2015 (in replacement of the loan agreement dated 3 October 2012) and expiring on 30 June 2016. The loan amount was limited to a maximum of TUSD 10,000, or to 6 per cent of the consolidated NAV, whichever is lower. For this facility, a facility fee in the form of a flat fee of 0.3 per cent per annum based on the credit facility amount is due on a semi-annual basis in arrears. The credit facility standby fee charged by LGT Bank Ltd. as per 31 December 2015 was in total TUSD 61 (31 December 2014: TUSD 121). A 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.

The loan facility is secured, by way of share mortgage, against 40 per cent of the Castle Private Equity (Overseas) Limited's shareholding in the Company in favour of the lender.

As of 31 December 2015 the Overseas Subsidiary had no borrowings (31 December 2014: Nil) from LGT Bank Ltd., Vaduz.

As of 31 December 2015 the Ireland Subsidiary had no borrowings (31 December 2014: 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	**2015 TUSD**	**2014 TUSD**
Accrued management fee payable – related party	1,229	1,348
Accrued performance fee payable – related party	7,737	12,904
Accrued administration fee payable – related party	58	77
Accrued custody fee payable – third party	26	46
Accrued credit facility standby fee payable – related party	8	23
Accrued withholding tax treasury shares 2nd line (bought for cancellation) – third party	356	565
Other accrued liabilities – third party	213	332
Total	**9,627**	**15,295**

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 2015 amounts to TCHF 167,320 (TUSD 113,844) (31 December 2014: TCHF 178,150 (TUSD 121,213)) consisting of 33,464,000 (31 December 2014: 35,630,000) 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 482,440 as of 31 December 2015 (31 December 2014: TUSD 516,701).

During the period from 24 August 2011 to 31 December 2015 the Company purchased treasury shares on its second trading line. According to the programme periods the second line treasury shares were cancelled in July 2012, August 2013, August 2014, August 2015.

On 12 October 2015, the Company announced its decision to issue put options tradable on the SIX Swiss Exchange. Every 12 put options entitled shareholders to tender one registered share with a nominal value of CHF 5 at the exercise price of CHF 20.00. The put options were traded from 15 October 2015 up to and including 28 October 2015. On 29 October 2015, the Company announced that a total of 28,249,267 put options were declared for exercise. Furthermore, following the termination of the buy-back via issuance of tradable put options, the board of directors decided to launch a new share buyback programme on a second trading line at SIX Swiss Exchange. It started on 2 November 2015 (first trading day) and a maximum of 992,295 registered shares will be purchased for cancellation purposes.

The following capital repayments have been paid out:

Date of payment	CHF/share	USD/share
23.05.2013	0.75	0.77
06.12.2013	1.25	1.37
22.05.2014	1.25	1.40
05.12.2014	1.40	1.43

For capital repayments to investors the resulting differences between the historical rates and the rates at the time of the transactions have also 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 2015 Castle Private Equity (International) plc has purchased no treasury shares and 575,885 treasury shares were sold. As at 31 December 2015 the Ireland Subsidiary held no treasury shares (31 December 2014: 575,885). These treasury shares were treated as a deduction from the consolidated shareholders' equity using total cost of TUSD 4,856 (31 December 2014: 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
Number of treasury shares held by the Ireland Subsidiary as of 31 December 2014	**575,885**	**8.43**	**4,856**
Disposals 2015	(575,885)	8.43	(4,856)
Number of treasury shares held by the Ireland Subsidiary as of 31 December 2015	—	—	—

Share buyback 2nd line (bought for cancellation) and share buyback via tradable put options (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. On 2 November 2015, the Company has purchased further treasury shares via tradable put options according to the following summaries. These treasury shares are treated as a deduction from shareholder's equity using total cost. Differences between the exchange rates from the time of purchase of treasury shares to the historical rates are recognised in retained earnings at the time of cancellation.

Movement of treasury shares (bought for cancellation) held by the Company	Number of shares	Average price TUSD	Total cost TUSD
Number of treasury shares (bought for cancellation) held as of 1 January 2014	**1,206,500**	—	**17,959**
Additions 2014	2,175,500	14.41	31,342
Cancellation 2014	(1,900,000)	14.63	(27,796)
Number of treasury shares (bought for cancellation) held as of 31 December 2014	**1,482,000**	**14.51**	**21,505**
Additions 2015 (till 8 May 2015)	684,000	15.06	10,298
Additions 2015 (from 11 May – 31 December 2015)	3,659,175	18.52	67,777
Cancellation 2015	(2,166,000)	14.68	(31,802)
Shares held as of 31 December 2015	**3,659,175**	**18.52**	**67,777**

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

Summary of treasury shares held as of 31 December 2015	Number of shares	Average price TUSD	Total cost TUSD
Treasury shares 2nd line (bought for cancellation) held by the Company as of 31 December 2015	1,305,070	15.76	20,573
Treasury shares via tradable put options (bought for cancellation) held by the Company as of 31 December 2015	2,354,105	20.05	47,204
Total of treasury shares held as of 31 December 2015	**3,659,175**	—	**67,777**

16 Major shareholders

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

Major shareholders	2015	2014
Between 3% and 5%	Deka International S.A.	LGT Bank AG, Liechtenstein Deka International S.A.
Between 5% and 10%	Warburg Invest Luxembourg S.A. LGT Capital Partners AG, Switzerland (as asset manager of LGT's Personalvorsorgestiftungen) LGT Bank AG, Liechtenstein	Warburg Invest Luxembourg S.A. LGT Capital Partners AG, Switzerland (as asset manager of LGT's Personalvorsorgestiftungen)
Between 10% and 25%	The Goldman Sachs Group, Inc. Swiss Life Holding AG	The Goldman Sachs Group, Inc. Swiss Life Holding AG

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 US Dollar 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 2015 amounted to TUSD 867,384 or USD 16,40 per share. (Per 31 December 2014: TUSD 790,019 or USD 14,44 per share). (CHF stock price at year-end translated at year-end exchange rate) The cumulative amount expended on share repurchases amounted to TUSD 202,502.

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 significant 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.

In 2015 and 2014 the Ireland Subsidiary was invested in the below mentioned investments which are all advised by LGT Capital Partners (Ireland) Ltd., an affiliate of Castle's investment manager.

Investments	Commitments
Crown Global Secondaries plc	TUSD 30,000
Crown Asia-Pacific Private Equity plc	TUSD 40,000
Crown European Buyout Opportunities II plc	TEUR 30,000
Portpep Ltd.	TEUR 10,800

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 (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 2015 and 2014 were insignificant.

Related party transactions

Entity	Related party Relationship/Agreement(s) Direct/indirect	Terms and conditions	Transaction type	2015 TUSD	2014 TUSD
Castle Private Equity	LGT Bank Ltd./				
(International) PLC	Administrator Services Agreement/direct	Note 10	Cash at banks	64	567
	LGT Private Equity Advisers AG/	Note 6	Management fees	5,243	5,970
	Investment Management Agreement/direct	Note 14	Management fees payable	1,229	1,348
		Note 6	Performance fees	7,737	12,904
		Note 14	Performance fees payable	7,737	12,904
	LGT Fund Managers (Ireland) Ltd./	Note 7	Administration fees	201	237
	Management Agreement/direct	Note 14	Administration fees payable	44	56
	LGT Bank (Ireland) Limited/	Note 7	Credit facility standby fees	34	49
	Loan Agreement/direct	Note 14	Credit facility standby fees payable	8	9
	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	1
Castle Private Equity	LGT Fund Managers (Ireland) Ltd./	Note 7	Administration fees	71	89
(Overseas) Limited	Administration Services Agreement/direct	Note 14	Administration fees payable	14	21
	LGT Bank Ltd./	Note 10	Cash at banks	200	199
	Loan Agreement/direct	Note 5	Interest income	1	1
		Note 7	Credit facility standby fees	27	72
		Note 14	Credit facility standby fees payable	–	14
	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 Bank (Cayman) Ltd./				
	LGT Private Equity Advisers AG/				
	Advisory Agreement/ indirect	No direct fees	Advisory fees	–	–
	Directors/indirect	Note 7/18	Directors' fees	10	11
Castle Private Equity AG	LGT Bank Ltd./	Note 7	Administration fees	30	30
	Administrator Services Agreement/direct	Note 10	Cash at banks	180	655
	LGT Capital Partners Ltd./				
	Domicile Agreement/direct	Note 7	Domicile fees	9	10
	Directors/direct	Note 7/18	Directors' fees	283	219

The table below shows the remuneration for the members of the board of directors in the year 2015 and 2014. In addition, the Group paid in 2015 a directors and officers liability insurance fee of TUSD 13 (31 December 2014: TUSD 14). Travel expenses amounted to TUSD 14 (31 December 2014: TUSD 33).

Board remuneration is defined and paid out in CHF. See also note 9 of the Company's financial statements on pages 72 and 73. Dr Marcel Erni and James Pluhar have waived any remuneration as board members.

Compensation and expenses	**2015 TUSD**	**2014 TUSD**
Chairman	62	66
Deputy chairman	49	52
Committee chairman	49	52
Members	134	49
Total board of directors	**294**	**219**

The board of directors has delegated the operational management of the Company to Dr Hans Markvoort and Benedikt Meyer as general managers. 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 Group and receives a management fee for these services.

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	Asia TUSD	Other TUSD	Total TUSD
As of 31 December 2015					
Income					
Net gain on investments designated at fair value through profit or loss	19,380	18,867	7,696	4,620	50,563
Net gain on derivative investments designated at fair value through profit or loss	—	—	47	—	47
Net loss on marketable securities investments designated at fair value through profit or loss	(357)	—	—	—	(357)
Accrued income and other receivables	—	(82)	—	—	(82)
Total income	**19,023**	**18,785**	**7,743**	**4,620**	**50,171**

	North America TUSD	Europe TUSD	Asia 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	8,945	18,741	1,499	55,203
Net gain on derivative investments designated at fair value through profit or loss	—	—	725	—	725
Net loss on marketable securities investments designated at fair value through profit or loss	(384)	—	—	—	(384)
Accrued income and other receivables	—	(365)	—	—	(365)
Total income	**25,634**	**8,580**	**19,466**	**1,499**	**55,179**

The assets are geographically allocated as follows:

	2015 TUSD		2014 TUSD	
Assets				
North America	144,948	29.5%	183,103	34.4%
Europe	225,350	45.8%	217,903	41.0%
Asia	91,096	18.5%	81,789	15.4%
Other	30,674	6.2%	49,202	9.2%
Total assets	**492,068**	**100.0%**	**531,997**	**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 2015, the Group's market risk is affected by two main components: changes in actual market prices and foreign currency movements. Foreign currency movements are covered in note 20 a) (ii) and note 2 g).

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.

	2015 TUSD	**2014 TUSD**
Financial assets at fair value through profit or loss	412,918	503,628
Total assets subject to market risk	412,918	503,628
Annual expected volatility	14.47%	11.57%
Potential impact on consolidated balance sheet and consolidated statement of comprehensive income	59,749	58,270

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

As mentioned in note 2 i) the Group would use cost and earnings multiples to value the private equity investments for which there were no fair values provided by the managers/administrators. For the year ended 31 December 2015, there were no instances where managers/administrators failed to supply fair values.

There was no impact on the consolidated statement of comprehensive income and shareholders' equity due to revaluations by the Group (31 December 2014: Nil).

(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 below 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 2015, had the exchange rate between the Euro and the US Dollar increased or decreased by 10.2 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 11,701 (31 December 2014: 12.2 per cent or USD 18,124). Movements in the other foreign currencies wouldn't have had a significant impact on the consolidated financial statements.

Currency risk

As of 31 December 2015	**USD TUSD**	**EUR TUSD**	**GBP TUSD**	**CHF TUSD**	**JPY TUSD**	**Total TUSD**
Assets						
Cash and cash equivalents	77,900	–	–	361	–	78,261
Accrued income and other receivables[1]	57	63	–	57	–	177
Investments designated at fair value through profit or loss	297,157	114,997	764	–	–	412,918
Derivative financial instruments designated at fair value through profit or loss[2]	3,505	–	–	–	–	3,505
Total assets	**378,619**	**115,060**	**764**	**418**	–	**494,861**
Liabilities						
Accounts payable and accrued liabilities[1]	9,226	36	–	365	–	9,627
Derivative financial instruments designated at fair value through profit or loss[3]	–	–	–	–	4,021	4,021
Total liabilities	**9,226**	**36**	–	**365**	**4,021**	**13,648**

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
Accrued income and other receivables[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[2]	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[3]	–	–	–	–	6,006	6,006
Total liabilities	**14,650**	**72**	–	**573**	**6,006**	**21,301**

[1] Provided for reconciliation purposes only.
[2] Includes the notional amount plus gain/loss.
[3] Represents the notional amount.

Foreign exchange rates	2015 USD	2014 USD	Impact %
Year-end rates			
Exchange rate CHF/USD	0.999800	1.006441	(0.7%)
Exchange rate EUR/USD	1.087000	1.210100	(10.2%)
Exchange rate GBP/USD	1.474700	1.559200	(5.4%)

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%)

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 2015	Less than 1 month TUSD	1 – 3 months TUSD	Non-interest bearing TUSD	Total TUSD
Assets				
Cash and cash equivalents	78,261	–	–	78,261
Accrued income and other receivables[1]	–	–	177	177
Investments designated at fair value through profit or loss	–	–	412,918	412,918
Derivative financial instruments designated at fair value through profit or loss	–	–	712	712
Total assets	**78,261**	–	**413,807**	**492,068**
Liabilities				
Accounts payable and accrued liabilities[1]	–	–	9,627	9,627
Total current liabilities	–	–	**9,627**	**9,627**

[1] Provided for reconciliation purposes only.

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
Accrued income and other receivables[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.

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 2015	Fully performing TUSD	Total TUSD	S&P Rating
Cash at LGT Bank Ltd., Vaduz	444	444	A+
Cash at BNP Paribas Securities Services, Dublin Branch	7,767	7,767	n/a
Cash at Zürcher Kantonalbank, Zürich	70,050	70,050	AAA
Accrued income and other receivables[1]	177	176	n/a
Deferred put option[2]	712	712	A+
Total exposure to credit risk	**79,150**	**79,149**	

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
Accrued income and other receivables[1]	273	273	n/a
Deferred put option[2]	1,228	1,228	A+
Total exposure to credit risk	**28,369**	**28,369**	

[1] Provided for reconciliation purposes only.
[2] LGT Bank Ltd., Vaduz.

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 fund investment, a commitment is typically given to a newly established private equity fund. In the ensuing three to six years, the fund draws down the available funds as and when attractive investment opportunities become available. As a general rule, the fund already begins to realise shareholding interests before all the capital has been invested. This means that the funds made available by the investors are not expected to be 100 per cent invested in the private equity fund. 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 Ireland Subsidiary has access to a TUSD 10,000 (31 December 2014: TUSD 12,000) credit facility with LGT Bank (Ireland) Ltd. The Group also has a cash at bank position at 31 December 2015 of TUSD 78,261 (31 December 2014: TUSD 26,868). The amounts outstanding on the total committed capital of the investments as of 31 December 2015 are TUSD 56,125 (31 December 2014: TUSD 74,505) 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 2015	Less than 1 month TUSD	1 – 3 months TUSD	Total TUSD
Liabilities			
Accounts payable and accrued liabilities[1]	455	9,172	9,627
Total current liabilities	**455**	**9,172**	**9,627**
Total outstanding commitment amount[2]	**56,125**	—	**56,125**

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	**74,505**	—	**74,505**

1) Provided for reconciliation purposes only.
2) The amounts outstanding on the total committed capital of the investments as of 31 December 2015 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 i) (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 2015 and 31 December 2014.

As of 31 December 2015	**Level 1 TUSD**	**Level 2 TUSD**	**Level 3 TUSD**	**Total TUSD**
Assets				
Assets designated at fair value through profit or loss:				
Investments	—	—	412,918	412,918
Derivative financial instruments	—	712	—	712
Total	—	**712**	**412,918**	**413,630**

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**

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

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

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

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)	2015 %	2014 %
Balanced stage	2%	2%
Buyout stage		
Large buyout stage	18%	20%
Middle market buyout stage	40%	36%
Small buyout stage	9%	10%
Special situations stage		
Distressed debt stage	8%	9%
Turnaround stage	0%	0%
Venture stage		
Early stage venture	9%	8%
Growth capital stage	3%	3%
Late stage venture	6%	6%
Co-Investment		
Large buyout stage	2%	2%
Small buyout stage	3%	4%
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 2015 there were no transfers (31 December 2014: Nil) between the three levels of financial assets and liabilities.

The following table presents a reconciliation disclosing the changes during 2015 and 2014 for financial assets classified as being level 3.

As of 31 December 2015	Investments designated at fair value through profit or loss TUSD
Assets	
At 1 January	503,628
Net unrealised loss	(27,361)
Purchase of investments	10,322
Returns of capital	(73,671)
Transfers in/out	—
At 31 December 2015	**412,918**
Total unrealised loss for the year included in the statement of comprehensive income for investments held at the end of the year	**(27,361)**

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

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 2015 and 31 December 2014.

As of 31 December 2015	Level 1 TUSD	Level 2 TUSD	Level 3 TUSD	Total TUSD
Assets				
Cash and cash equivalents	78,261	—	—	78,261
Accrued income and other receivables	—	177	—	177
Total	**78,261**	**177**	—	**78,438**
Liabilities				
Accounts payable and accrued liabilities	—	9,627	—	9,627
Total	—	**9,627**	—	**9,627**

As of 31 December 2014	Level 1 TUSD	Level 3 TUSD	Level 3 TUSD	Total TUSD
Assets				
Cash and cash equivalents	26,868	—	—	26,868
Accrued income and other receivables	—	273	—	273
Total	**26,868**	**273**	—	**27,141**
Liabilities				
Accounts payable and accrued liabilities	—	15,295	—	15,295
Total	—	**15,295**	—	**15,295**

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. Accrued income and other receivables 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 2015 and 2014, relating to the hedging of a co-investment in Japanese Yen.

As of 31 December 2015	Notional amount TUSD	Valuation amount TUSD	Maturity	Loss TUSD
JPY against USD	4,021	712	2.12.16	(516)
Total unrealised loss				**(516)**

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 2015 and 2014 the Group does not offset the one open derivative financial instrument.

Beyond the uncalled commitments to investments disclosed in note 12, no further contingent liabilities exist as of 31 December 2015 (31 December 2014: Nil).

22 Subsequent events

The consolidated financial statements have been authorised at the 24 February 2016 board meeting for issue 4 March 2016. The annual general meeting called for 11 May 2016 will vote on the final acceptance of the consolidated financial statements.

Since the balance sheet date of 31 December 2015 Castle Private Equity AG purchased 167,173 treasury shares on its second trading line at a cost amount of TUSD 2,694. As at 19 February 2016 the Company held in total 3,826,348 treasury shares (18 February 2015: 2,273,885).

It is intended that approval for the cancellation of all registered shares repurchased will be sought at the Annual General Meeting in 2016.

Since the balance sheet date of 31 December 2015, there have been no material events that could impair the integrity of the information presented in the consolidated financial statements.

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 2015.

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 2015 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.

Daniel Pajer	**Daniel Moreno**
Audit expert	Audit expert
Auditor in charge	

Zurich, 3 March 2016

Balance sheet

As of 31 December 2015 (all amounts in Swiss Francs thousands unless otherwise stated)

	Note	2015	2014
Assets			
Current assets:			
Cash and cash equivalents		70,245	6,518
Other receivables		57	—
Total current assets		**70,302**	**6,518**
Non-current assets:			
Participations	3	412,603	470,335
Total non-current assets		**412,603**	**470,335**
Total assets		**482,905**	**476,853**
Liabilities			
Current liabilities:			
Accrued taxes		—	45
Other accrued liabilities		552	793
Deferred translation gain		—	2,564
Total current liabilities		**552**	**3,402**
Equity			
Shareholders' equity:	7		
Share capital		167,320	178,150
Legal reserves			
Reserves from capital contributions		94,995	90,460
Reserves for own shares from capital contributions		—	4,535
Accumulated surplus brought forward		286,456	220,278
Treasury shares at cost (bought for cancellation)		(66,418)	(19,972)
Total shareholders' equity		**482,353**	**473,451**
Total liabilities and equity		**482,905**	**476,853**

Statement of income and accumulated surplus/(deficit)

For the year ended 31 December 2015 (all amounts in Swiss Francs thousands unless otherwise stated)

	Note	2015	2014
Income			
Valuation adjustments on participations	2 b)	(52,298)	–
Dividends from participations		138,166	121,036
Other income		49	35
Gain/(Loss) on foreign exchange, net		(66)	(372)
Total income		**85,851**	**120,699**
Expenses			
Administrative expenses		(723)	(652)
Financial expenses		(75)	(117)
Total expenses		**(798)**	**(769)**
Profit before taxes		**85,053**	**119,930**
Taxes	5	(33)	(26)
Profit for the year		**85,020**	**119,904**
Accumulated surplus			
Accumulated surplus brought forward		220,278	116,121
Profit for the year		85,020	119,904
Cancellation of treasury shares		(18,842)	(15,747)
Accumulated surplus brought forward		**286,456**	**220,278**
Proposal of the board of directors for appropriation of accumulated surplus			
To be carried forward		286,456	220,278
Total		**286,456**	**220,278**

Notes to the company financial statements

For the year ended 31 December 2015
(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".

As of 31 December 2015 and 31 December 2014 the Company did not employ any employees.

2 Accounting principles

These Company financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations (Art. 957 tp 963b CO).

a) Participations
The participation in the Overseas Subsidiary is stated at acquisition cost or at the lower net realisable value. As of 31 December 2015 the participations were revalued into Swiss Francs using the net asset value of the Overseas Subsidiary.

b) Accounting and reporting currency
The books of the Company are kept in US Dollar (functional currency). The board of directors resolved that the Company's financial statements shall be presented in Swiss Francs, in line with the provisions of the CO. In 2015 the Company discontinued to value its participation at the historic exchange rate and applies the modified current/non-current method as follows:
– All assets and liabilities by applying the year-end exchange rate;
– the shareholders' equity at the historical exchange rate; and
– 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 (unless such translation gains are a recovery of translation losses previously charged to the statement of income). The deferred translation gains of CHF 2.6 million reported on the 2014 balance sheet of the Company were also dissolved and posted to valuation adjustments on subsidiaries. The valuation adjustments on participations comprises the following:

– Currency revaluation losses (net of dissolution of deferred translation gain)	TCHF 29,995
– Revaluation of participation to reflect net equity of the Overseas Subsidiary	TCHF 22,303

3 Participations

The Company's participation as of 31 December 2015 and 31 December 2014 is composed of a 100 per cent interest in the issued non-voting participating share capital of the Overseas Subsidiary. 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 2014	25	470,335
31 December 2015	**25**	**412,603**

4 Foreign exchange rates

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

Foreign exchange rates		Unit	2015 CHF	2014 CHF
US Dollar	Year-end rates	1 USD	1.000200	0.993600
British Pound	Year-end rates	1 GBP	1.474995	1.549221
Euro	Year-end rates	1 EUR	1.087217	1.202355
US Dollar	Average annual rates	1 USD	0.966869	0.916938
British Pound	Average annual rates	1 GBP	1.477110	1.508883
Euro	Average annual rates	1 EUR	1.074806	1.213445

5 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 2015.

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

The Company has no open derivative financial instruments contracts as at 31 December 2015 (31 December 2014: Nil).

7 Shareholders' equity

Shareholders' equity

The share capital of the Company at 31 December 2015 amounts to TCHF 167,320 (TUSD 113,844) (31 December 2014: TCHF 178,150 (TUSD 121,213)) consisting of 33,464,000 (31 December 2014: 35,630,000) 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 2015 Castle Private Equity (International) plc purchased no treasury shares (31.12.2014: Nil) and 575,885 treasury shares were sold. As at 31 December 2015 the Ireland Subsidiary held no treasury shares (31 December 2014: 575,885). For treasury shares held by subsidiaries reserves for own shares are set aside using cost values TCHF Nil (TUSD Nil) (31 December 2014: TCHF 4,535 (TUSD 4,856)).

Treasury shares – buyback programs via 2nd line and tradable put options

Programs	From	To	Cancelled	Number of shares	Cost TUSD	Cost TCHF
Shares held at 01.01.2013				**1,726,575**	**23,147**	**21,728**
2012–2013 2nd line buyback program						
Program initiated on 30 May 2012, announced on 12 April 2012						
Additions 2013	01.01.2013	26.04.2013	23.08.2013	2,443,425	36,738	34,334
2013–2014 2nd line buyback program						
Program initiated on 3 June 2013, announced on 15 May 2013						
Additions 2013	03.06.2013	31.12.2013	13.08.2014	1,206,500	17,959	16,501
Additions 2014	03.01.2014	30.05.2014	13.08.2014	779,000	10,969	9,755
2013–2014 2nd line buyback program (extension)						
Program initiated on 2 June 2014, announced on 14 May 2014 and terminated on 14 October 2015						
Additions 2014	02.06.2014	12.08.2014	13.08.2014	475,000	6,813	6,110
Additions 2014	13.08.2014	31.12.2014	06.08.2015	921,500	13,561	12,853
Additions 2015	05.01.2015	05.08.2015	06.08.2015	1,263,500	19,076	17,959
Additions 2015	06.08.2015	14.10.2015		475,000	7,099	6,868
2015–2016 buyback program via 2nd line and tradable put options						
Program initiated on 15 October 2015, announced on 12 October 2015						
Additions 2015 via tradable put options	15.10.2015	28.10.2015		2,354,105	47,829	47,083
Additions 2015 via 2nd line	02.11.2015	31.12.2015		250,570	4,072	4,086
Total				**7,725,175**	**127,378**	**121,214**

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.

Share buyback via tradable put options (bought for cancellation)
On 12 October 2015, the Company announced its decision to issue put options tradable on the SIX Swiss Exchange. Every 12 put options entitled shareholders to tender one registered share with a nominal value of CHF 5 at the exercise price of CHF 20.00. The put options were traded from 15 October 2015 up to and including 28 October 2015. On 29 October 2015, the Company announced that a total of 28,249,267 put options were declared for exercise. Furthermore, following the termination of the buyback via issuance of tradable put options, the board of directors decided to launch a new share buyback programme on a second trading line at SIX Swiss Exchange. It started on 2 November 2015 (first trading day) and a maximum of 992,295 registered shares will be purchased for cancellation purposes.

Allocation of legal reserves from capital contributions
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 legal reserves, effective 1 January 2011. The legal reserves in 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. As at 31 December 2015 these reserves from capital contributions amount to TCHF 94,995.

Shareholders' equity

In 2015 (all amounts in Swiss Francs thousands unless otherwise stated)

	Share capital	Legal reserves		Accumulated surplus/ (deficit)	Treasury shares 2nd line at cost (bought for cancellation)	Total
		Reserves from capital contributions	Reserves for own shares – at cost – from capital contributions			
31 December 2014	178,150	90,460	4,535	220,278	(19,972)	473,451
Profit for the year	—	—	—	85,020	—	85,020
Sale of treasury shares	—	4,535	(4,535)	—	—	—
Purchase of treasury shares 2nd line (bought for cancellation)	—	—	—	—	(76,118)	(76,118)
Cancellation of treasury shares 2nd line	(10,830)	—	—	(18,842)	29,672	—
31 December 2015	**167,320**	**94,995**	—	**286,456**	**(66,418)**	**482,353**

The following capital repayments have been paid out:

Date of payment	CHF/share	USD/share
23.05.2013	0.75	0.77
06.12.2013	1.25	1.37
22.05.2014	1.25	1.40
05.12.2014	1.40	1.43

8 Major shareholders

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

Major shareholders	2015	2014
Between 3% and 5%	Deka International S.A.	LGT Bank AG, Liechtenstein Deka International S.A.
Between 5% and 10%	Warburg Invest Luxembourg S.A. LGT Capital Partners AG, Switzerland (as asset manager of LGT's Personalvorsorgestiftungen) LGT Bank AG, Liechtenstein	Warburg Invest Luxembourg S.A. LGT Capital Partners AG, Switzerland (as asset manager of LGT's Personalvorsorgestiftungen)
Between 10% and 25%	The Goldman Sachs Group, Inc. Swiss Life Holding AG	The Goldman Sachs Group, Inc. Swiss Life Holding AG

9 Compensation and share ownership

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

Compensation	2015 TCHF	2014 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 2015 a directors and officers liability insurance of TCHF 13 (31 December 2014: TCHF 15).

No directors received any shares, options or loans. Dr Marcel Erni and James Pluhar have waived any remuneration as board members. James Pluhar resigned as a member of the board on 7 February 2014.

Share ownership	2015	2014
Castle Private Equity AG		
Members of the board of directors		
Gilbert Chalk	5,000	8,750
Dr Konrad Bächinger	110,000	95,000
Dr Marcel Erni	4,900	4,900
Robert Knapp[1)]	—	997,129
Total	**119,900**	**1,105,779**

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	2015	2014
LGT Private Equity Advisers AG		
Members of the board of directors		
Alfred Gantner	10,000	10,000
Urs Wietlisbach	15,000	15,000
Dr André Lagger	6,000	6,000
General managers		
Dr Hans Markvoort	50,000	57,750
Benedikt Meyer	3,500	11,000
Total	**84,500**	**99,750**

10 Auditors

PricewaterhouseCoopers Ltd., Zürich, are the auditors of the Company. They accepted the mandate in 2001. Daniel Pajer, the auditor in charge, took up office in 2015.

Total audit related fees charged by PricewaterhouseCoopers for the audit 2015 of the Company to TCHF 99 (2014: TCHF 105).

11 Subsequent events

The company financial statements have been authorised at the 24 February 2016 board meeting for issue 4 March 2016. The annual general meeting called for 11 May 2016 will vote on the final acceptance of the company financial statements.

Since the balance sheet date of 31 December 2015 Castle Private Equity AG purchased 167,173 treasury shares on its second trading line at a cost amount of TCHF 2,694. As at 19 February 2016 the Company held in total 3,826,348 treasury shares (18 February 2015: 2,273,885).

It is intended that approval for the cancellation of all registered shares repurchased will be sought at the annual General Meeting in 2016.

Since the balance sheet date of 31 December 2015, there have been no material events that could impair the integrity of the information presented in the financial statements.

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 of Castle Private Equity AG for the year ended 31 December 2015. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the paragraph "Remuneration for financial years 2014 and 2015" to paragraph "Compensation, loans and credits to related parties" on pages 77 and 78 of the remuneration report.

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 2015 complies with Swiss law and articles 14 –1 6 of the Ordinance.

PricewaterhouseCoopers Ltd.

Daniel Pajer	**Daniel Moreno**
Audit expert	Audit expert
Auditor in charge	

Zurich, 3 March 2016

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 2014 and the planned components of remuneration in 2015 and 2016. 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 663bbis 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

The board of directors has appointed a remuneration committee comprising Heinz Nipp (chairman), and Marcel Erni (member).

The remuneration 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 remuneration 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 on average takes up approximately 20 per cent of their working time. For 2015, the management of the Company was 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 years 2014 and 2015 (Article 14 VegüV)

The following tables show the remuneration for the members of the board of directors in the year 2015 and 2014. The total remuneration of the Company does not include the employers contributions to social security of CHF 12,965 (31 December 2014: CHF 12,897). In addition, the Company paid in 2015 a directors and officers liability insurance fee of USD 12,957 (31 December 2014: USD 16,503). Travel expenses amounted to USD 9,783 (31 December 2014: USD 13,549).

The board of directors remuneration is defined and paid out in CHF. See also note 9 of the company financial statements on page 72 and 73. For the financial year 2014, Dr Marcel Erni and James Pluhar have waived any remuneration as board member. For the financial year 2015, Dr Marcel Erni waived any remuneration as board member 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 2015				
Gilbert Chalk, chairman	53,033	1,967	2,500	57,500
Dr Konrad Bächinger, deputy chairman	41,924	2,076	200	44,200
Heinz Nipp, committee chairman – remuneration committee	41,250	2,750	100	44,100
Thomas Amstutz, committee chairman – audit committee	41,250	2,750	300	44,300
Robert Knapp, member	66,000[1]	—	6,000	72,000
Dr Marcel Erni, member	—	—	—	—
Total	**243,457**	**9,543**	**9,100**	**262,100**

1) including Robert Knapp's remuneration for the financial year 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
James Pluhar, member (until 7 February 2014)	—	—	—	—
Dr Marcel Erni, member	—	—	—	—
Total	**166,470**	**9,530**	**12,117**	**188,117**

Loans and credits to board members and the management (Article 15 VegüV)
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 2015.

Compensation, loans and credits to related parties (Article 16 VegüV)
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 2015.

Heinz Nipp **Benedikt Meyer**

Pfäffikon, 3 March 2016

Corporate governance

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

1. Group structure and shareholders

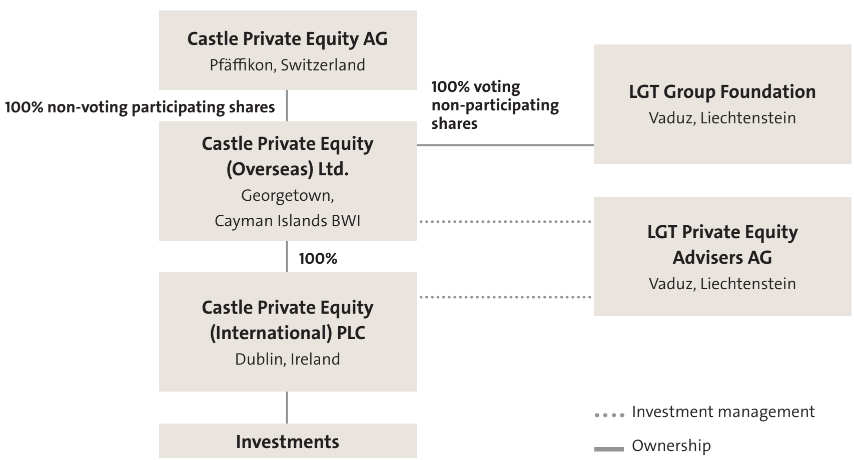
Castle Private Equity ("the Group") consists of Castle Private Equity AG ("the Company") and two fully consolidated subsidiaries, as shown below and as listed in note 1 to the consolidated financial statements. The Company's registered office is Schützenstrasse 6, 8808 Pfäffikon (Freienbach community),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

Significant shareholders
The shareholding structure of the Company as of 31 December 2015 is shown below:

- The Goldman Sachs Group, USA reported a shareholding of 24.29 per cent.
- Swiss Life AG Switzerland, reported a holding of 11.95 per cent.
- Warburg Invest Luxembourg, reported a holding of 8.67 per cent, of which 5.68 per cent held by BAEK Fund.
- LGT Capital Partners AG, Switzerland (as asset manager of LGT's Personalvorsorgestiftungen) reported a holding of 5.77 per cent.
- LGT Bank AG, Liechtenstein, reported a holding of 5.69 per cent.
- Deka-StBV-NW-AI II, Luxembourg reported a holding of 3.88 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#

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 33.464 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 share buyback programme of up to 15.55 per cent of the Company's share capital was terminated on 14 October 2015 with the purchase of 5.12 million shares. On 28 October 2015 the Company completed its share buyback programme via the issuance of tradable put options. In total, 2,354,105 registered shares were tendered to the Company which corresponds to 7.03% of the share capital. As of 31 December 2015, the Company held 3,659,175 shares from previous buyback programs. It is intended that approval for the cancellation of all registered shares repurchased will be sought at the Annual General Meeting in 2016. 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 2014 annual report.

The market capitalisation of the Company per year end 2015 amounted to approx. USD 489 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 2015.

3. Board of directors

As of 31 December 2015, 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 2015 for a term ending at the 2016 annual shareholders' meeting. He currently is director of Vantage Goldfields Limited and chairman of Aurora Russia Limited and is an investor representative at Cognito IQ 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 Kreditanstalt 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. Dr Bächinger was member of the Group executive committee of Liechtenstein Global Trust (now known as LGT Group Foundation) between 2001 and 2006, subsequently becoming a senior advisor of LGT Group Foundation until his retirement in 2010.

Dr Bächinger is also deputy chairman of the board of directors of Castle Alternative Invest AG and serves on the board of several LGT-managed or affiliated investment and management companies, including LGT Capital Partners Ltd.

Dr Bächinger was elected to the board of directors in 1997 and was re-elected at the general meeting held in May 2015 for a term ending at the 2016 annual shareholder meeting.

Dr Marcel Erni,
member of the board and
the remuneration committee

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 2015 for a term ending at the 2016 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 2001 when he was appointed member of the Group executive committee of Liechtenstein Global Trust, now known as LGT Group Foundation. In 2006, Heinz Nipp was appointed executive chairman wealth management Asia of LGT Group Foundation. He retired from his functions at LGT in 2008.
In 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 2015 for a term ending at the 2016 annual shareholders' meeting.

Thomas Amstutz,
member of the board and
audit committee chairman

Thomas Amstutz (Swiss citizen, born 1962) completed his bank apprenticeship at Credit Suisse and graduated from Commercial School of Business Administration. From 1981 until 2004 he held a variety of management positions with Credit Suisse Group. In 1987 he was appointed managing director of CSFB Geneva, Head of Foreign Exchange/Precious Metals Options. Between 1991 and 1996 he held different positions within Credit Suisse in Zurich, before heading the Sales and Trading department in Frankfurt. In 1999 he was appointed member of the executive board of Credit Suisse Private Banking and from 2002 until 2004 he was member of the executive board of Credit Suisse Financial Services and Head of the Division Investment Management.
From 2005 until 2014 he was chairman of Absolute Private Equity AG, Zug, Absolute Invest AG, Zug (both listed Swiss investment companies) and Absolute Investment Services Ltd., Zurich. Thomas Amstutz is currently partner and director of JAAM AG, Zurich. He holds several positions as a member of the board of the following companies: Alpine Select AG, Zug; Baloise Bank SoBa, Solothurn; Model Holding AG, Weinfelden; Absolute Private Equity AG, Zug; Vicenda Asset Management AG, Zug; Jade Invest SA, Neuchatel and FinOps AG, Zurich. Furthermore Mr Amstutz is a member of the Asset Allocation Committee of Spida Personalvorsorgestiftung, Zurich, as well as Trustee of the Board of the Zurich International School, Zurich.
Mr Amtutz was elected to the board of directors of Castle Private Equity AG in 2012. He was re-elected at the annual shareholders' meeting in May 2015 for a term ending at the 2016 annual shareholders' meeting.

Robert Knapp,
member of the board and
the audit committee

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 in 2012. He was re-elected at the annual shareholders' meeting in May 2015 for a term ending at the 2016 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.

Committees

The board of directors established an audit committee comprising Thomas Amstutz (chairman) and Robert Knapp (member). 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.

Furthermore, a remuneration committee was introduced composed of Heinz Nipp (chairman) and Marcel Erni (member). The duties of the remuneration committee can be found in the remuneration report on page 76.

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 2015, 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 managers. 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 managers interact frequently.

Information and control

In addition to information received in board meetings, the directors receive regular 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 Capital Partners' private equity team in 2000, serving as general manager of Castle Private Equity AG as well as coordinating the private markets investment structuring activities. Dr Markvoort is a director of various private equity investment entities as well as of LGT Capital Partners (Ireland) Limited.

Benedikt Meyer
Mr Meyer (Swiss citizen, born 1983) 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 programme 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 6, 17 and 18 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 serves full-time as the firm's executive chairman, leading the business strategy and corporate development of the firm. He is a member of the business development committee and the global portfolio investment committee.

Ivo Klein

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

Urs Wietlisbach co-founded Partners Group in 1996. He is a member of Partners Group Holding AG's board of directors and chairman of the Markets Committee, based in Zug. Prior to founding Partners Group, he worked at Goldman Sachs & Co. and Credit Suisse. He holds a master's degree in business administration from the University of St. Gallen, Switzerland.

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 waived any remuneration as board member. Heinz Nipp has waived the additional remuneration related to his chairmanship of the remuneration committee in 2014 and 2015.

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 11 May 2016 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 3 May 2016 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 3 May 2016 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. Daniel Pajer, the auditor in charge, took up office in 2015.

Total audit related fees charged by PricewaterhouseCoopers for the 2015 audit amounted to TCHF 139 (2014: TCHF 154).

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 audited annual report per 31 December and a semi-annual report per 30 June. 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: 1.0002

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	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]	33,464[8]	
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	16.19	
USD closing price[1]	8.80	10.20	12.25	3.20	5.25	8.70	10.80	14.10	13.55	14.20	16.00	
CHF closing price[1]	11.51	12.50	13.81	3.43	5.40	8.11	10.10	13.00	11.95	14.35	16.40	
Share performance												
USD net asset value	17.1%	21.4%	29.9%	(31.0%)	3.5%	20.7%	7.2%	10.4%	10.6%[9]	6.3%[10]	5.2%	135.8%[9,10]
USD closing price	32.3%	15.9%	20.1%	(73.9%)	64.1%	65.7%	24.1%	30.6%	11.5%[9]	6.6%[10]	12.7%	130.2%[9,10]
CHF closing price	48.5%	8.6%	10.5%	(75.2%)	57.4%	50.2%	24.5%	28.7%	7.3%	20.1%	14.3%	57.7%[9,10]

[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 programme 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 programme 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 programme were cancelled.
[8] Of which 3,659,175 owned by the Group (3,659,175 for cancellation). On 6 August 2015, 2,166,000 shares purchased on the 2013/2014 share buyback programme were cancelled.
[9] Adjusted for capital repayments of CHF 0.75 cents/USD 0.77 cents on 23 May 2013, CHF 1.25 cents/USD 1.37 cents on 6 December 2013.
[10] 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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