

Semi-annual Report

June 2013

Publication date

This report was released for publication on 20 August 2013.

The subsequent event note in the financial statements has been updated to 20 August 2013.

Amounts in this report are stated in USD thousands (TUSD) unless otherwise stated.

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Castle Alternative Invest AG in the second quarter of 2013

		Quarter to June 2013	Quarter to March 2013
Net asset value increased 0.79% in the quarter and 6.06% year to date	Castle Alternative Invest AG's ("Castle", "CAI" or "the Company") net asset value increased by 0.79 per cent (USD +0.14 per share) during the second quarter of 2013.	USD 17.85 per share TUSD 236,166	USD 17.71 per share TUSD 242,187
Share price up 9.58% to USD 14.30 on SIX		USD 14.30 per share	USD 13.05 per share
Discount narrowed during the quarter	At the end of June 2013 the shares (USD) were trading on SIX at a discount of 19.61 per cent to NAV.	(19.6%)	(22.9%)
Share buy back programme (second line)	<p>On 6 June 2013, the Company started a new, second line buy back programme which was approved at the 2013 AGM. For this fourth programme, a second trading line denominated in CHF was opened on the SIX Swiss Exchange on 6 June 2013, and will remain open until 5 June 2014 at the latest. The Company is the exclusive buyer on the second line and repurchases shares for the purpose of subsequently reducing its share capital.</p> <p>By 8 August 2013, 141,000 shares had been purchased on the second line.</p> <p>At the AGM on 14 May 2013 the shareholders approved the cancellation of 2,981,107 shares. These shares include 873,081 shares being the shares held in treasury and 2,108,026 shares that were bought back by the Company under the 2012 – 2013 and the previous share buyback programme.</p>		

Performance during the second quarter 2013

Overview

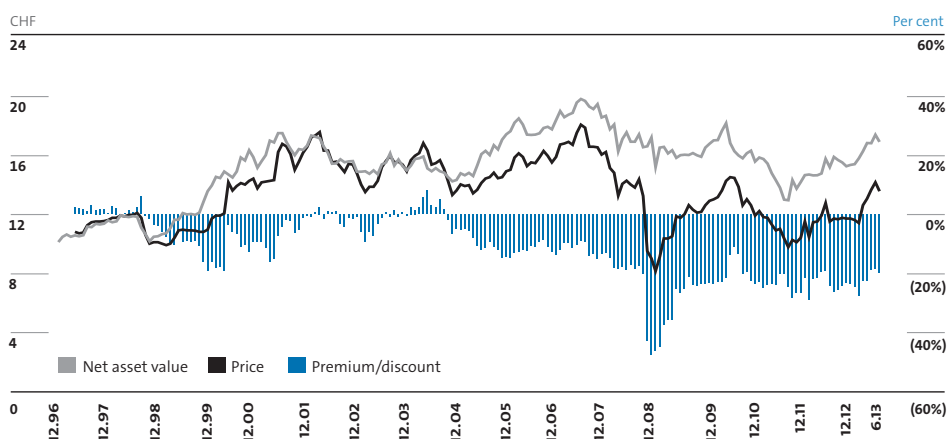
The second quarter was a tale of two halves – before and after Federal Reserve Chairman Bernanke's testimony on 22 May. The first half was a continuation of the trends in the first quarter, while the latter part of the quarter saw a sharp reversal in investor sentiment. Equities, fixed income and commodities all experienced declines.

Macro backdrop

Economic data out of the U.S. was generally positive in the second quarter. Unemployment remained steady at 7.6 per cent, the ISM manufacturing index crossed over to expansion mode, housing continued to be a bright spot (the S&P 500/Case-Shiller 20-city index rose by 12.1 per cent) and consumer sentiment rose to a 5-year high. This led Federal Reserve Chairman Bernanke to testify before Congress at the end of May that the Fed could start to reduce its pace of asset purchases should economic data continue to improve.

The European Central Bank cut rates by 50bps and the European Commission relaxed its focus on austerity, giving certain countries such as France and Spain more time to meet their deficit targets. Meanwhile, economic growth in China slowed to 7.7 per cent in the first quarter.

Net asset value, price and premium/discount SIX listing to June 2013 in CHF



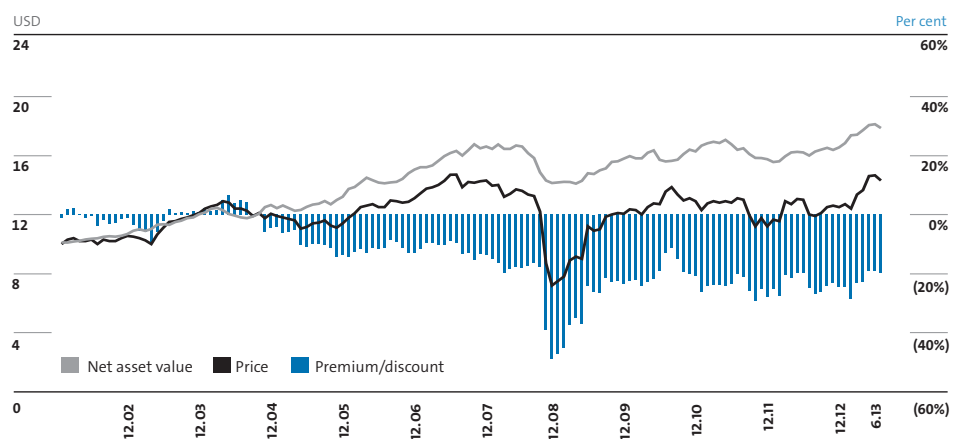
Ten largest holdings

Fund name	Style	Allocation as of 30 June 2013
Crown Managed Futures Master Segregated Portfolio	CTA	9.69%
Discovery Global Opportunity Fund Ltd.	Macro	7.67%
HBK Offshore Fund Ltd.	Relative Value	7.22%
Third Point Ultra Ltd.	Event Driven	5.54%
Zebedee Focus Fund Ltd.	L/S Equity	5.30%
Crown/Capeview Segregated Portfolio	L/S Equity	4.48%
Latigo Ultra Fund Ltd.	Event Driven	4.39%
Double Black Diamond Ltd.	Relative Value	4.28%
Indus Pacific Opportunities Fund Ltd.	L/S Equity	4.02%
Blue Mountain Credit Alternative Fund Ltd.	Relative Value	3.80%
Total net assets		100.00%

Performance comparison

Fund	Value 30 June 2013	Performance 2 nd Quarter 2013	Performance year to date
CAI net asset value (USD)	17.85	0.79%	6.06%
CAI net asset value (CHF)	16.89	0.48%	9.75%
CAI closing price (USD)	14.30	4.76%	12.60%
CAI closing price (CHF)	13.55	3.83%	16.81%

Net asset value, price and premium/discount SIX listing to June 2013 in USD



Equities

Equities experienced an acute pullback after Bernanke's "tapering" speech. Nevertheless, the S&P 500 advanced 2.9 per cent for the quarter with significant sector rotation. The high dividend-paying sectors which outperformed earlier in the year were punished as investors feared higher interest rates, while consumer discretionary and healthcare led the gains and materials and energy lagged. Eurozone equities were marginally negative with financials outperforming as the risk of a Eurozone breakup faded. Japan delivered the highest returns on the back of monetary stimulus, up 9.8 per cent, while the emerging markets were the worst performers, as political unrest in Turkey and Brazil and a slowdown in China added to tapering worries.

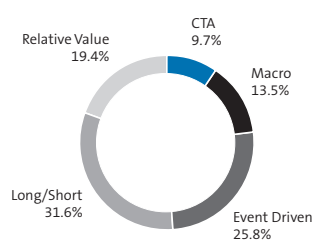
Fixed income

Treasuries sold off across the curve and finished the quarter with their worst performance since 4Q 2010. The front end of the yield curve steepened as investors priced in additional hikes in the Fed Funds rate. The sharpest increase in yields were in the 3–5 year part of the curve even though the long duration bonds suffered the most. Several fixed income sectors had record outflows as yields rose and credit spreads widened, with emerging market debt recording the largest declines.

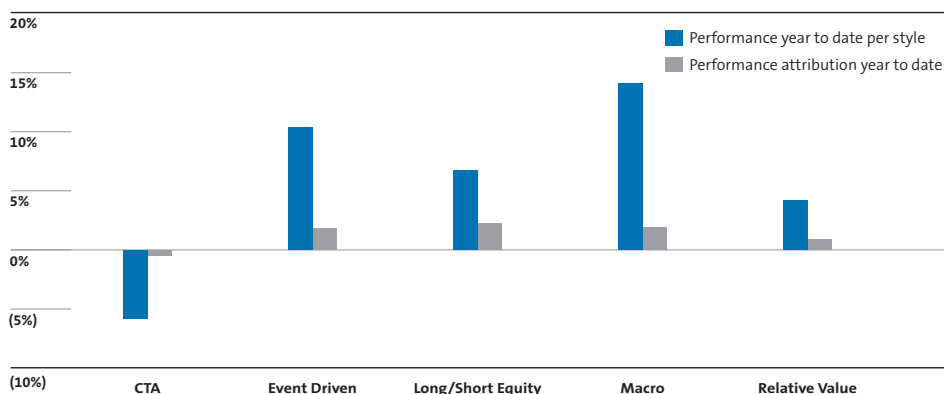
Commodities

Commodities were down almost 10 per cent according to the DJ-UBS Commodity Index and few sectors escaped the turmoil unscathed. On the heels of a pull-back that started in September 2012, gold prices retreated by a further 22 per cent, dampened by higher real interest rates and the stronger dollar, the latter of which also kept oil prices in check despite concerns over Middle East supplies.

Style allocation as of 30 June 2013



Estimated performance of styles before costs in USD from 31 December 2012 to 30 June 2013



Hedge fund strategies

The **event driven** managers weathered the storm in the second quarter and added 0.6 per cent to Castle's bottom line. In the equity-sensitive areas, gains made in the long books in April and May were more than sufficient to offset the losses incurred in June. Specific winners included holdings in Yahoo and Sony, Greek government bonds as well as positions geared to the Japan macro theme. On the credit-sensitive side, gains were generated by U.S.-based managers who were positioned to benefit from the housing recovery. In Europe, idiosyncratic trades accounted for most of the profits.

The **relative value** managers were largely unaffected by the market sell-off and were able to preserve capital over the course of the quarter, contributing 0.2 per cent to Castle's returns. Profits were made across many different strategies, notably in structured credit where gains were driven by RMBS positions and CLO strategies, special situations, distressed, statistical arbitrage, fixed income (Japanese rates trades) and corporate credit.

Equity long/short was flat as a group. Gains in April and May were dominated by long positions in Japan and in European financials. In June, several managers generated strong alpha from their short books which more than offset the losses in their long positions and ended the month in positive territory. The largest detractor was a Latin America-focused manager who incurred losses in the long book as well as in intra-sector and value trades.

The **CTA/macro** managers detracted 0.3 per cent from returns amidst the market dislocation. Most systematic and discretionary managers generated solid performance during the first half of the quarter due largely to long positions in global equities and short positions in the Yen. After Bernanke's testimony, trend-following managers sustained losses even though shorter-term momentum managers captured the market reversals relatively effectively. Global macro managers delivered gains in the energy sector, especially from tactically trading natural gas (mostly from the short side), interest rates and equities in Japan.

Unaudited consolidated statement of comprehensive income

For the period ended 30 June 2013 (All amounts in USD thousands unless otherwise stated)

	Note	1 April – 30 June 2013	1 April – 30 June 2012	1 January – 30 June 2013	1 January – 30 June 2012
Income					
Net gain/(loss) on investments designated at fair value through profit or loss	4	2,129	(6,523)	15,337	7,937
Income from current assets:					
Loss on foreign exchange, net		(1)	(8)	(2)	(6)
Interest income		1	2	13	3
Other income		—	—	20	31
Total (loss)/income from current assets		—	(6)	31	28
Total income/(loss)		2,129	(6,529)	15,368	7,965
Expenses					
Management and performance fees	8	(1,128)	(1,555)	(2,691)	(3,147)
Other operating expenses		(320)	(311)	(650)	(667)
Total operating expenses		(1,448)	(1,866)	(3,341)	(3,814)
Operating profit/(loss)		681	(8,395)	12,027	4,151
Profit/(loss) for the period		681	(8,395)	12,027	4,151
Total comprehensive income/(loss) for the period		681	(8,395)	12,027	4,151
Profit attributable to:					
Shareholders		199	(4,804)	10,758	2,051
Non-controlling interest	2 (e)	482	(3,591)	1,269	2,100
		681	(8,395)	12,027	4,151
Total comprehensive income/(loss) attributable to:					
Shareholders		199	(4,804)	10,758	2,051
Non-controlling interest	2 (e)	482	(3,591)	1,269	2,100
		681	(8,395)	12,027	4,151
Earnings per share (in USD) attributable to equity holders					
Weighted average number of shares outstanding during the period		13,232,072	14,679,372	13,232,072	14,679,372
Basic profit/(loss) per share		USD 0.02	USD (0.33)	USD 0.81	USD 0.14
Diluted profit/(loss) per share		USD 0.02	USD (0.33)	USD 0.81	USD 0.14

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Unaudited consolidated balance sheet

As of 30 June 2013 (All amounts in USD thousands unless otherwise stated)

	Note	30 June 2013	31 March 2013	31 December 2012
Assets				
Current assets:				
Cash and cash equivalents		8,350	9,326	27,758
Other current assets		5,040	758	56,814
Total current assets		13,390	10,084	84,572
Non-current assets:				
Investments designated at fair value through profit or loss	4	248,295	253,195	322,579
Total assets		261,685	263,279	407,151
Liabilities				
Current liabilities:				
Due to banks: overdraft		153	—	—
Accounts payable and accrued liabilities		8,251	1,655	152,632
Total current liabilities		8,404	1,655	152,632
Equity				
Shareholders' equity:				
Share capital		56,182	56,182	56,182
Additional paid-in capital		63,137	63,137	63,137
Less treasury shares at cost	7	(13,635)	(14,867)	(14,867)
Less treasury shares 2 nd line at cost (bought for cancellation)	7	(29,522)	(23,093)	(19,045)
Retained earnings		155,394	154,952	144,393
Total shareholders' equity		231,556	236,311	229,800
Non-controlling interest		21,725	25,313	24,719
Total equity		253,281	261,624	254,519
Total liabilities and equity		261,686	263,279	407,151

Unaudited consolidated balance sheet (continued)

As of 30 June 2013 (All amounts in USD thousands unless otherwise stated)

	Note	30 June 2013	31 March 2013	31 December 2012
Net asset value per share (in USD)				
Number of shares issued as at the period end		16,352,817	16,352,817	16,352,817
Number of treasury shares as at the period end		(1,195,487)	(1,303,487)	(1,303,487)
Number of treasury shares 2 nd line (bought for cancellation) as at the period end		(2,245,726)	(1,803,126)	(1,496,670)
Number of shares outstanding net of treasury shares as at the period end		12,911,604	13,246,204	13,552,660
Net asset value per share		17.93	17.84	16.96
Adjustment from allocating treasury shares proportionately to non-controlling interest 2 (e)				
Total shareholders' equity before adjustment		231,556	236,311	229,800
Adjustment to shareholders' equity		4,610	5,876	5,466
Total shareholders' equity after adjustment		236,166	242,187	235,266
Number of treasury shares allocated to non-controlling interest		322,406	430,406	430,406
Number of shares outstanding after adjustment		13,234,010	13,676,610	13,983,066
Net asset value per share (in USD) after allocating treasury shares proportionately to non-controlling interest		17.85	17.71	16.83

Unaudited consolidated statement of cash flows

For the period ended 30 June 2013 (All amounts in USD thousands unless otherwise stated)

	1 April – 30 June 2013	1 April – 30 June 2012	1 January – 30 June 2013	1 January – 30 June 2012
Cash flows from/(used in) operating activities:				
Purchase of investments	(10,180)	(3,108)	(17,145)	(14,599)
Proceeds from sales of investments	19,718	17,216	146,094	36,826
Interest received	2	2	14	3
Operating expenses paid	(1,645)	(1,551)	(1,958)	(3,684)
Net cash from operating activities	7,895	12,559	127,005	18,546
Cash flows from/(used in) financing activities:				
Interest paid	—	(2)	—	(2)
Repayments of bank borrowings	—	18,500	—	—
Non-controlling interest capital transactions, net	(2,595)	(18,500)	(136,089)	(2,076)
Purchase of treasury shares	4,048	—	—	—
Purchase of treasury shares 2 nd line (bought for cancellation)	(10,477)	(9,196)	(10,477)	(14,990)
Net cash used in financing activities	(9,024)	(9,198)	(146,566)	(17,068)
Net (decrease)/increase in cash and cash equivalents	(1,129)	3,361	(19,561)	1,478
Cash and cash equivalents, beginning of the period	9,326	5,845	27,758	7,728
Cash and cash equivalents, end of the period	8,197	9,206	8,197	9,206
Cash and cash equivalents consist of the following as at 30 June:				
Cash at banks	8,198	9,551	8,198	9,551
Overdraft	(153)	(345)	(153)	(345)
Total	8,197	9,206	8,197	9,206
Non-cash transactions:				
Capital transaction in-kind:				
Redemption in-kind ¹⁾	1,475	1,410	1,475	1,410
Treasury shares used for redemption in-kind ¹⁾	(1,475)	(1,410)	(1,475)	(1,410)
Total	—	—	—	—

¹⁾ These two lines show the non-cash movements that occurred in 2012 and 2013 when Swiss Life AG switched their holding in the Company to a direct holding in the Ireland Subsidiary and the redemption in-kind using treasury shares which took place in 2012 and 2013.

Unaudited consolidated statement of changes in equity

For the period ended 30 June 2013 (All amounts in USD thousands unless otherwise stated)

	Share capital	Additional paid-in capital	Less treasury shares	Retained earnings	Non-controlling interest	Total equity
1 January 2012	62,394	63,137	(26,376)	141,250	161,043	401,448
Total comprehensive income for the period	—	—	—	2,051	2,100	4,151
Purchase of treasury shares 2 nd line (bought for cancellation)	—	—	(14,990)	—	—	(14,990)
Non-controlling interest transactions:						
Treasury shares used for redemption in-kind	—	—	1,232	178	(1,410)	—
Capital transactions	—	—	—	—	(2,076)	(2,076)
30 June 2012	62,394	63,137	(40,134)	143,479	159,657	388,533
1 January 2013	56,182	63,137	(33,912)	144,393	24,719	254,519
Total comprehensive income for the period	—	—	—	10,758	1,269	12,027
Purchase of treasury shares 2 nd line (bought for cancellation)	—	—	(10,477)	—	—	(10,477)
Non-controlling interest transactions:						
Treasury shares used for redemption in-kind	—	—	1,232	243	(1,475)	—
Capital transactions	—	—	—	—	(2,788)	(2,788)
30 June 2013	56,182	63,137	(43,157)	155,394	21,725	253,281

Notes to the unaudited consolidated financial statements for the period ended 30 June 2013

1. Organisation and business activity

Castle Alternative Invest AG, Pfäffikon ("the Company"), is a joint stock corporation established for an indefinite period in the Canton of Schwyz, Switzerland, by deed dated 24 July 1996. The Company was registered in the Commercial Register of the Canton of Schwyz on 30 July 1996. The Company's business is principally conducted through two subsidiaries; Castle Alternative Invest (Overseas) Ltd., Grand Cayman ("the Cayman Subsidiary") and Castle Alternative Invest (International) plc, Dublin ("the Ireland Subsidiary"). Since 10 April 1997, the shares of the Company have been 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. As of 5 June 2009 the Company is also listed in US Dollar on the London Stock Exchange.

2. Basis of preparation

The accompanying consolidated interim financial statements of Castle Alternative Invest AG, Pfäffikon (the "Company") and its subsidiaries as listed in note 3 (together the "Group") have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and comply with Swiss Law and the accounting guidelines laid down in the Directive on Financial Reporting (DFR) of the SIX Swiss Exchange as well as the guidelines set out by the United Kingdom Listing Authority.

The consolidated interim 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 principles of accounting applied in the interim consolidated financial statements as per 30 June 2013 correspond to those in the annual report 2012, unless otherwise stated. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB).

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

Amendment to IAS 1, "Financial statement presentation" regarding other comprehensive income (effective 1 July 2012). The main change resulting from these amendments is a requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendments do not address which items are presented in OCI. This new standard did not have any effect on the Group's consolidated interim financial statements; and

- IFRS 13, "Fair value measurement", (effective 1 January 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This new standard did not have a material impact on the Group's consolidated interim financial statements

b) Standards and amendments to published standards effective after 1 January 2013 that have been early adopted

- IFRS 10, “Consolidated Financial Statements”, (effective 1 January 2013). The new standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. It supersedes IAS 27 “Consolidated and Separate Financial Statements” and SIC-12 “Consolidation – Special Purpose Entities” and is effective for annual periods beginning on or after 1 January 2013. The Group decided for early adoption in 2011; and
- IFRS 12, “Disclosure of Interests in Other Entities”, (effective 1 January 2013) applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The Group decided for early adoption in 2011.

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

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

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

d) 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 hedge funds. 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 hedge funds.

e) Non-controlling interest

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

Under the accounting provisions of IFRS, treasury shares held by Group entities must be deducted from equity and eliminated from the Group's number of outstanding shares. For the Group this also includes the treasury shares held for and on behalf of the non-controlling interest. In order to arrive at the true economic value of the Group, the non-controlling interest's portion of the treasury shares has been adjusted for. On the consolidated balance sheet the value (2013: TUSD 4,610, 2012: TUSD 5,466) for these shares has been added back to shareholders' equity and the number of shares (2013: 322,406, 2012: 430,406) has also been added back to the number of outstanding shares. These adjustments result in an economic net asset value per share of USD 17.85 (2012: USD 16.83).

3. Basis of consolidation

The consolidated interim financial statements per 30 June 2013 are based on the financial statements of the individual Group companies prepared using the same accounting principles applied in the consolidated financial statements for the year ended 31 December 2012.

The consolidated interim financial statements include all assets and liabilities of Castle Alternative Invest AG and its direct and indirect subsidiaries:

- Castle Alternative Invest (Overseas) Ltd., Grand Cayman (the "Cayman Subsidiary")
- Castle Alternative Invest (International) plc, Dublin (the "Ireland Subsidiary")

4. Investments designated at fair value through profit or loss

A detailed list of the investments can be found on pages 18 and 19.

5. Tax expense

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

Castle Alternative Invest 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.

For Swiss federal tax purposes, an income tax is levied. However, there is a participation exemption on dividend income and capital gains on qualifying participations. The result of the participation exemption relief is that dividend income and capital gains are almost fully excluded from taxation.

Castle Alternative Invest (Overseas) Ltd., Grand Cayman

The activity of the Cayman Subsidiary is not subject to any income, withholding or capital taxes in the Cayman Islands. However it does invest in securities and subsidiaries whose dividends may be subject to nonrefundable foreign withholding taxes.

Castle Alternative Invest (International) plc., Dublin

The activity of the Ireland Subsidiary is not subject to any income, withholding or capital taxes in Ireland. However, it does invest in securities and subsidiaries whose dividends may be subject to nonrefundable foreign withholding taxes.

Reconciliation of income tax calculated with the applicable tax rate:

Tax expense	30.6.2013 TUSD	30.6.2012 TUSD
Profit for the period before income tax	12,027	4,151
Applicable tax rate	7.8%	7.8%
Income tax	938	324
Effect from non-taxable income	(938)	(324)
Total	—	—

6. Due to banks

As of 30 June 2013, the Subsidiaries have a credit line of TUSD 15,000 (31 December 2012: TUSD 15,000). Since 1 April 2011, the Subsidiaries have a further credit line of TUSD 4,000 (31 December 2012: TUSD 4,000) in order to service potential capital calls within the share class RO of the Ireland Subsidiary. The credit lines are granted by LGT Bank (Ireland) Limited, Dublin and are secured by the participating shares of the Ireland Subsidiary as well as the voting participating redeemable ordinary shares of the Cayman Subsidiary. The pledged assets are deposited with LGT Bank Limited, Vaduz and pledged in favour of the lender. Since 1 April 2011, the Ireland Subsidiary also has a further credit line of TUSD 4,000 (31 December 2012: TUSD 4,000) in order to service potential capital calls within the share class RI of the Ireland Subsidiary. The credit line is granted by Swiss Life AG, Zurich.

As of 30 June 2013 the credit lines were not used (31 December 2012: not used).

As of 30 June 2013, the Company had an overdraft of TUSD 153 with Zuercher Kantonalbank.

Investments designated at fair value through profit or loss¹⁾

As of 30 June 2013 (All amounts in USD thousands unless otherwise stated)

Amounts in TUSD	Geography	Shares as at 1.1.2013	Shares as at 30.6.2013	Total net paid in as at 1.1.2013	Invest- ments 2013	Redemp- tions 2013	Realised gain/(loss) 2013	Total net paid in as at 30.6.2013	Unrealised gain/(loss) accumulat- ed 2013	Fair value as at 30.6.2013	% of invest- ments
CTA											
Crown Managed Futures Master Segregated Portfolio	Global	18,571	10,209	27,972	—	(11,148)	9,652	16,824	7,246	24,070	9.7%
Total CTA				27,972	—	(11,148)	9,652	16,824	7,246	24,070	9.7%
Macro											
Caxton Global Investments Ltd. Class A	Global	17,405	—	1,846	—	(1,846)	11,447	—	—	—	0.0%
Caxton Global Investments Ltd. Class SI	Global	41,650	58,483	1,222	365	—	—	1,586	142	1,728	0.7%
Crown Koppenberg Segregated Portfolio	Global	2,828	4,282	3,000	1,580	—	—	4,580	402	4,982	2.0%
Discovery Global Opportunity Fund Ltd.	Global	22,916	22,916	10,234	—	—	—	10,234	8,823	19,056	7.7%
The Rohatyn Group Global Opportunity Fund Ltd.	Global	1	1	471	—	(42)	—	429	143	572	0.2%
Tudor BVI Global Fund Ltd. Class B	Global	87	54	9,033	—	(3,435)	208	5,598	1,057	6,655	2.7%
Tudor BVI Global Fund Ltd. Legacy Class	Global	313	303	312	—	(9)	3	302	117	419	0.2%
Total Macro				26,118	1,945	(5,334)	11,689	22,729	10,683	33,412	13.5%
Event Driven											
Bennelong Asia Pacific Multi Strategy Equity Fund Ltd.	Asia	9,400	7,810	940	—	(48)	(2)	892	(50)	842	0.3%
Cerberus Asia Partners L.P.	Asia	1	1	—	—	—	110	—	788	788	0.3%
Crown Distressed Credit Opportunities plc ²⁾	Global	55,483	38,121	4,831	—	(1,512)	936	3,320	2,510	5,830	2.3%
Crown GLG Segregated Portfolio	Europe	7,478	7,478	7,500	—	—	—	7,500	661	8,161	3.3%
Greywolf Capital Overseas Fund	America	1	1	943	—	—	—	943	(767)	176	0.1%
GS Special Opportunities (Asia) Offshore Fund Ltd.	Asia	1	1	—	—	—	30	—	—	—	0.0%
Headstart Fund Ltd.	Asia	1	1	855	—	—	—	855	(601)	253	0.1%
Highland Crusader Fund II Ltd.	America	1	1	2,181	—	(617)	—	1,564	2,630	4,194	1.7%
Latigo Ultra Fund Ltd.	America	9,547	9,547	9,547	—	—	—	9,547	1,356	10,903	4.4%
Latigo Ultra Access Fund Ltd.	America	44	44	44	—	—	—	44	14	58	0.0%
OZ Asia Overseas Fund Ltd.	Asia	1	1	892	—	(35)	58	857	(21)	837	0.3%
OZ Overseas Fund Ltd. Tranche C shares	Global	2	2	618	—	(97)	(13)	521	(127)	394	0.2%
Plainfield 2009 Liquidation Ltd.	Global	10,414	4,980	1,041	—	(543)	(419)	498	(389)	109	0.0%
SerVertis Fund I Ltd. ²⁾	America	8,211	8,211	7,342	—	(1,657)	—	5,685	3,006	8,691	3.5%
Third Point Ultra Ltd.	Global	14,000	9,390	14,000	—	(4,610)	1,386	9,390	4,372	13,762	5.5%
Tyrus Capital Opportunities Fund Ltd.	Global	86,627	86,627	8,516	—	—	—	8,516	591	9,107	3.7%
Winston Partners PE Investment Ltd.	Global	7,615	7,615	3,662	—	—	—	3,662	(3,662)	—	0.0%
Zais Matrix VI-F Ltd.	Global	1	—	—	—	—	4	—	—	—	0.0%
Total Event Driven				62,912	—	(9,119)	2,088	53,793	10,311	64,104	25.8%
Long/Short											
Amiya Global Emerging Opportunities Fund Ltd.	Global	73,045	—	15,388	—	(15,387)	(468)	—	—	—	0.0%
Crown Amazon Segregated Portfolio	Asia	8,679	5,417	9,000	—	(3,263)	837	5,737	866	6,603	2.7%

Amounts in TUSD	Geography	Shares as at 1.1.2013	Shares as at 30.6.2013	Total net paid in as at 1.1.2013	Invest- ments 2013	Redemp- tions 2013	Realised gain/(loss) 2013	Total net paid in as at 30.6.2013	Unrealised gain/(loss) accumulat- ed 2013	Fair value as at 30.6.2013	% of invest- ments
Crown Capeview Segregated Portfolio	Europe	10,000	9,340	10,000	—	(546)	154	9,454	1,662	11,116	4.5%
Crown/Japan Segregated Portfolio	Asia	—	5,901	—	6,000	—	—	6,000	992	6,992	2.8%
Crown/Tyrian Segregated Portfolio	Global	—	2,811	—	3,000	—	—	3,000	11	3,011	1.2%
Crown KC Segregated Portfolio	America	6,313	—	7,000	—	(7,000)	373	—	—	—	0.0%
Crown/Marshall Wace Segregated Portfolio	America	5,869	5,869	7,000	—	—	—	7,000	547	7,547	3.0%
Crown NJ Segregated Portfolio	Asia	—	4,478	—	5,400	—	—	5,400	563	5,963	2.4%
Crown Sandler Segregated Portfolio	America	7,057	7,057	7,000	—	—	—	7,000	366	7,366	3.0%
Galleon Technology Offshore Ltd.	America	57	57	1,292	—	(14)	—	1,278	(496)	782	0.3%
Indus Pacific Opportunities Fund Ltd.	Asia	7,437	4,687	12,354	—	(4,240)	962	8,115	1,870	9,985	4.0%
Polo Fund	America	54,318	41,403	11,484	—	(3,367)	458	8,117	(2,532)	5,585	2.2%
Raptor Private Holdings Ltd.	America	1,215	751	833	—	(318)	(79)	515	(121)	394	0.2%
Zebedee Focus Fund Ltd.	Europe	98,333	61,853	17,993	—	(6,522)	936	11,471	1,692	13,162	5.3%
Total Long/Short				99,344	14,400	(40,657)	3,172	73,087	5,419	78,506	31.6%
Relative Value											
Blue Mountain Credit Alternative Fund Ltd.	Global	103,930	77,520	10,393	—	(2,641)	427	7,752	1,693	9,445	3.8%
Crown Linden Segregated Portfolio	Global	9,907	4,687	11,025	—	(5,545)	1,938	5,480	1,506	6,985	2.8%
D.E. Shaw Composite International Ltd.	Global	1	1	—	—	—	24	—	522	522	0.2%
D.E. Shaw Composite International Ltd.											
Side Pocket Series	Global	1	1	1,301	—	—	—	1,291	540	1,831	0.7%
Double Black Diamond Ltd.	Global	26,730	26,730	9,340	—	—	—	9,340	1,290	10,630	4.3%
Drake Absolute Return Fund Ltd.	Global	561	561	1,161	—	—	—	1,161	(301)	860	0.3%
HBK Offshore Fund Ltd.	Global	40,883	35,673	12,728	—	(1,622)	900	11,106	6,824	17,930	7.2%
Total Relative Value				45,948	—	(9,819)	3,288	36,129	12,074	48,203	19.4%
Total				262,294	16,345	(76,077)	29,889	202,562	45,733	248,295	100.0%

¹⁾ Numbers may not fully add up due to rounding.

²⁾ The Company has made the following commitments to investment funds:

– Crown Distressed Credit Opportunities plc – USD 16.5 million (USD 4.1 million not yet paid in)
– SerVertis Fund I Ltd. – USD 16.5 million (USD 4.1 million not yet paid in)

7. Shareholders' equity

Shareholders' equity

As of 30 June 2013 the authorised, issued and fully paid up share capital of the Company amounts to TCHF 81,764 (TUSD 56,182) and as of 31 December 2012 to 81,764 (TUSD 56,182) consisting of 16,352,817 (2012: 16,352,817) registered shares with a par value of CHF 5. 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, including non-controlling interests, amounts to TUSD 253,281 as of 30 June 2013 (2012: TUSD 254,519).

Non-controlling interest

On 1 April 2011 Swiss Life AG partially redeemed its holding in Class I of the Ireland Subsidiary. The redemption was paid out in cash with the remaining amount being placed in a newly opened sidepocket share class for illiquid assets (Class RI). At the same time a side pocket share class for the Cayman Subsidiary's portion of the illiquid assets was also created (Class RO). The side pocket share classes have paid out proceeds as their assets were realised. On 31 December 2012 Swiss Life AG fully redeemed its holding in the Class I shares. As per 30 June 2013 Swiss Life AG's holding in the remaining Class RI shares comprised 8.43 per cent (2012: Class RI: 9.27 per cent) of the net asset value of the Ireland Subsidiary. The fair value of the non-controlling interest amounts to TUSD 21,725 as of 30 June 2013 (31.12.2012: TUSD 24,719).

Treasury shares

During the period from 1 January to 30 June 2013 the Ireland Subsidiary transferred 873,081 treasury shares of the Company to the value of TUSD 10,826 from the Ireland Subsidiary to the Cayman Subsidiary. During the period from 1 January to 30 June 2013 the Ireland Subsidiary used 108,000 treasury shares of the Company to the value of TCHF 1,474 (31.12.2012: 432,000 treasury shares sold for the value of TUSD 5,427) for the redemption in-kind of the Ireland Subsidiary. As at 30 June 2013 the Ireland Subsidiary held in total 322,406 (31.12.2012: 1,303,487) treasury shares and the Cayman Subsidiary held in total 873,081 (31.12.2012: Nil) treasury shares. Treasury shares are treated as a deduction from the consolidated shareholders' equity using cost values of TUSD 13,635 (31.12.2012: TUSD 14,867).

Share buyback second line

During the period from 1 January to 5 June 2013 Castle Alternative Invest AG purchased 693,856 treasury shares on its second trading line to the amount of TUSD 9,650. The Company has completed the second line share buyback program initiated on 22 June 2012. 1,496,670 treasury shares were bought in 2012.

On 25 July 2013, the Company announced the opening of a further second trading line for the Company's shares commencing on 6 June 2013. During the period from 6 June 2013 to 30 June 2013 the Company purchased 55,200 treasury shares on this second trading line to the amount of TUSD 827 (2012: 1,496,670 treasury shares to the amount of TUSD 19,054).

As of 30 June 2013 the Company holds 573,170 treasury shares of the share buyback program initiated on 19 July 2011, 1,617,356 treasury shares of the share buyback program initiated on 28 June 2012 and 55,200 treasury shares of the share buyback program initiated on 6 June 2013, with a total of 2,245,726 treasury shares with a cost value of TCHF 29,522 (2012: TUSD 27,724) as of 30 June 2013.

Altogether the Group holds 3,441,213 treasury shares as at 30 June 2013 (31.12.2012: 2,800,157).

8. Significant transactions with related parties

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

Related party transactions

Entity	Related party Relationship/Agreement(s) Direct/indirect	Transaction type	30.6.2013 TUSD	31.12.2012 TUSD	30.6.2012 TUSD
Castle Alternative Invest AG	LGT Bank Limited/	Administration fee	11	21	11
	Administrative Services Agreement/direct	Cash at banks	150	104	5
	LGT Capital Partners Limited/	Domicile fee	5	10	5
	Domicile Agreement/direct				
	Directors/direct	Directors' fee	115	231	116
Castle Alternative Invest (Overseas) Limited	LGT Swiss Life Non Traditional Advisers AG/	Investment management fee	81	10	4
	Investment Management Agreement/direct	Investment management fee payable	49	2	2
	LGT Bank Limited/	Administration fee	—	7	4
	Administrative Services Agreement and	Administration fee payable	—	1	3
	Loan Agreement/direct	Cash at banks	38	44	13
	Directors/indirect	Directors' fee	1	10	10
Castle Alternative Invest (International) plc	LGT Swiss Life Non Traditional Advisers AG/	Investment management fee	1,987	6,199	3,143
	Investment Management Agreement/direct	Investment management fee payable	323	515	589
		Performance fee	623	84	—
		Performance fee payable	623	84	—
	LGT Bank (Ireland) Limited/	Credit facility standby fee	26	48	28
	Loan Agreement/direct	Credit facility standby fees payable	11	3	16
		Interest expense	—	2	—
	LGT Bank Limited/	Cash at banks	—	—	—
	Administrative Services Agreement/direct				
	LGT Capital Partners Limited/	Advisory fee (no direct fees)	—	—	—
	Advisory Agreement/indirect				
	LGT Capital Partners (Ireland) Limited/	Advisory fee (no direct fees)	—	—	—
	Advisory Agreement/indirect				
	LGT Fund Managers (Ireland) Limited/	Investment management fee	—	—	—
	Investment Management Agreement/ indirect	(no direct fees)			

LGT Group Foundation, Vaduz, is the controlling shareholder of the investment manager, LGT Swiss Life Non Traditional Advisers AG, Vaduz. The investment manager is entitled to a management fee from the Subsidiaries (1.5 per cent of net assets in US Dollar before deduction of the accrual of the performance fee) and a performance fee.

LGT Bank Limited, Vaduz, acts as custodian for the Company. Cash was deposited with LGT Bank Limited, Vaduz, at market conditions.

LGT Bank Limited, Vaduz acts as administrator of the Cayman Subsidiary.

The Ireland Subsidiary is invested in the below mentioned Segregated Portfolios, which are all advised by LGT Capital Partners Limited, an affiliate of Castle's investment manager.

Crown Amazon Segregated Portfolio, Crown Capeview Segregated Portfolio, Crown Distressed Credit Opportunities plc, Crown GLG Segregated Portfolio, Crown Koppenberg Segregated Portfolio, Crown Linden Segregated Portfolio, Crown Managed Futures Master Segregated Portfolio, Crown NJ Segregated Portfolio, Crown Sandler Segregated Portfolio, Crown/Japan Segregated Portfolio, Crown/Marshall Wace Segregated Portfolio and Crown/Tyrian Segregated Portfolio.

9. 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 hedge fund 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 hedge funds. Items which can not be directly contributed to the operating segment are listed as "other".

	30.6.2013 TUSD	30.6.2012 TUSD
Income		
Net gain on investments designated at fair value through profit or loss	15,337	7,937
Other income	31	28
Total income	15,368	7,965
Expenses		
Other expenses	(3,341)	(3,812)
Total operating expenses	(3,341)	(3,812)
Operating profit	12,027	4,153
	30.6.2013 TUSD	31.12.2012 TUSD
Assets		
Investments designated at fair value through profit or loss	248,295	322,579
Other assets	13,390	84,572
Total assets	261,685	407,151
Liabilities		
Other liabilities	8,404	152,632
Total liabilities	8,404	152,632

The income/(loss) is geographically allocated as follows:

	America TUSD	Asia TUSD	Europe TUSD	Global TUSD	Total TUSD
As of 30 June 2013					
Income					
Net gain on investments designated at fair value through profit or loss	2,882	2,520	2,202	7,733	15,337
Other income	—	—	11	20	31
Total income	2,882	2,520	2,213	7,753	15,368
As of 30 June 2012					
Income					
Net gain/(loss) on investments designated at fair value through profit or loss	1,177	(644)	664	6,740	7,937
Other income	—	—	(3)	31	28
Total income	1,177	(644)	661	6,771	7,965

The assets are geographically allocated as follows:

	30.6.2013 TUSD	in %	31.12.2012 TUSD	in %
Assets				
America	45,932	18%	57,477	14%
Asia	32,262	12%	27,924	7%
Europe	40,817	15%	105,524	26%
Global	142,674	55%	216,226	53%
Total assets	261,685	100%	407,151	100%

10. Subsequent events

During the period from 1 July to 20 August 2013 Castle Alternative Invest AG purchased 85,800 treasury shares on its second trading line to the amount of TUSD 1,251. As at 20 August 2013 the Company held in total 2,331,526 treasury shares on its second trading lines.

At the annual general meeting on 14 May 2013, a share capital reduction was approved by way of cancellation of 2,981,107 shares being the number of shares purchased in the second line buyback program decided on in May 2012. The share cancellation will take place in August 2013.

Since the balance sheet date of 30 June 2013, there have been no material events that could impair the integrity of the information presented in the consolidated interim financial statements.

Share information

Exchange rate CHF/USD 0.9461

	2005	2006	2007	2008	2009	2010	2011	2012	June 2013	Since inception
Share information										
Number of bearer shares at year-end	38,501,000	38,501,000	38,501,000	38,501,000	38,501,000	19,707,060	17,481,596	16,352,817	16,352,817	
CAI Net asset value (USD)	13.20	15.04	16.60	14.17	15.95	16.66	15.60	16.83	17.85	
CAI Net asset value (CHF)	17.40	18.36	18.65	15.19	16.50	15.56	14.64	15.39	16.89	
CAI Closing price (USD)	11.40 ³⁾	13.10 ³⁾	14.30 ³⁾	7.50 ³⁾	12.35 ³⁾	12.30 ³⁾	11.65 ³⁾	12.70 ³⁾	14.30 ³⁾	
CAI Closing price (CHF)	14.90	15.87	16.20	8.15	12.60	11.90	11.50	11.60	13.55	
Share performance										
CAI Net asset value (USD)	4.5%	13.9%	10.3%	(14.6%)	12.6%	4.5%	(6.4%)	7.9%	6.1%	177.1% ¹⁾
CAI Net asset value (CHF)	21.6%	5.6%	1.6%	(18.6%)	8.6%	(5.7%)	(5.9%)	5.1%	9.8%	68.9% ²⁾
CAI Closing price (USD)	(5.4%) ³⁾	14.9% ³⁾	9.2% ³⁾	(47.6%) ³⁾	64.7% ³⁾	(0.4%) ³⁾	(5.3%) ³⁾	9.0% ³⁾	12.6% ³⁾	43.0% ³⁾
CAI Closing price (CHF)	9.6%	6.5%	2.1%	(49.7%)	54.6%	(5.6%)	(3.4%)	0.9%	16.8%	35.5%

¹⁾ Before September 1999, CAI (Overseas) Ltd. pro-forma performance numbers (real numbers adjusted for currency hedging, net of management fee and performance fee but gross of cost on CAI AG level).

²⁾ CHF 2.61 write-off of incorporation costs due to accounting principle changes (IAS).

³⁾ Inception of US Dollar trading 21 January 2002.

Price information

Reuters RIC: CHF "CASNn.S", USD "CASNnu.S"

Reuters Contributors Page: LGTY

Bloomberg: CHF "CASN SW <Equity>", USD "CASND SW <Equity>"

Investdata: CHF "509275.4", USD "509275.349"

Listing

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