DUTCH VENTURE INITIATIVE II S.A. SICAR

Société d'investissement en capital à risque
R.C.S. Luxembourg B 0205 590

Registered office: 5 Allée Scheffer, L-2520 Luxembourg

Audited financial statements for the period from April 12, 2016 (incorporation date of the Company) to March 31, 2017

DUTCH VENTURE INITIATIVE II S.A. SICAR

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Management and Administration

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Board of Directors
John A. Holloway
Elze Tjeerd Meijer
Frederik Van Beuningen

Adviser
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L-2520 Luxembourg

Administrative, Registrar, Transfert Agent
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Allen & Overy Luxembourg
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39, Avenue John F. Kennedy
L-1855 Luxembourg

DUTCH VENTURE INITIATIVE II S.A. SICAR

Board of Directors' report

For the period from April 12, 2016 (incorporation date of the Company) to March 31, 2017

The Dutch Venture Initiative II S.A. SICAR ("DVI II" or "the Company") was incorporated on April 12, 2016 as a risk capital investment company (Société d'Investissement en Capital à Risque) established as a public limited liability company (Société Anonyme) subject to the Luxembourg 15 June 2004 Act on SICAR. The Company was approved by the Luxembourgish financial sector supervision authority, the Commission de Surveillance du Secteur Financier ("CSSF") and entered on the official list of SICARs with effect as of April 12, 2016.

The Company's first closing took place on April 18, 2016 at an amount of EUR 200m, with PPM Oost and EIF each committing EUR 100m. The subscription period is open for 18 months following the first closing date and fundraising is ongoing. Discussions with potential institutional investors are being held at this moment, which could potentially lead to additional commitments to the Company before the final closing date of the fund.

On the investment side, DVI II has made a very positive start. Since first closing, two transactions for a total amount of EUR 27.5m have been approved by the Investment Committee; being Karmijn Kapitaal II for EUR 12.5m and Gilde Healthcare IV for EUR 15m. As of the reporting date, both approved transactions have been signed; Karmijn Kapitaal II for EUR 12.5m in June 2016 and the Gilde Healthcare IV transaction in May 2016 for a lower amount of EUR 13m, in order to allow private investors a larger stake in the fund. This brings the total amount of signed transactions to EUR 25.5m, equal to roughly 13% of the total fund size.

DVI II continues to screen the VC market place for investment opportunities in Netherlands-oriented fund managers, focussing on innovative sectors such as cleantech, medtech, life sciences, ICT and renewable energy. The deal flow for DVI II looks promising and as a result additional transactions are expected to be approved in the near future.

Ever since the launch of its predecessor fund, the Dutch Venture Initiative has been welcomed by the Dutch VC market and has become an important element of the current Dutch VC ecosystem. By enabling managers to attract additional funds from private investors it proved its strong catalytic effect, allowing much larger fund sizes and more capital available for innovative Dutch SME's than would otherwise have been the case.

John A. Holloway

Chairman of the Board

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To the Shareholders of the
Dutch Venture Initiative II S.A. SICAR
5, allée Scheffer
L-2520 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

We have audited the accompanying financial statements of Dutch Venture Initiative II S.A. SICAR which comprise the statement of financial position as at March 31, 2017 and the statement of comprehensive income, statement of changes in net assets and cash flows statement for the period from April 12, 2016 (date of incorporation) to March 31, 2017, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgement of the Réviseur d'Entreprises agréé, 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 Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, 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 give a true and fair view of the financial position of Dutch Venture Initiative II S.A. SICAR as of 31 March 2017 and of its financial performance and its cash flows for the period from April 12, 2016 (date of incorporation) to March 31, 2017 in accordance with International Financial Reporting Standards as adopted by the European Union.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors' report but does not include the financial statements and our report of Réviseur d'Entreprises agréé thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Luxembourg, July 27, 2017

KPMG Luxembourg,
Société Coopérative
Cabinet de révision agréé

M. Tabart

DUTCH VENTURE INITIATIVE II S.A. SICAR

Statement of financial position

As at March 31, 2017

	Notes	As at March 31, 2017 EUR
Assets		
Financial assets at fair value through profit or loss	5	3 405 358
		3 405 358
Cash and cash equivalents	8	5 006 926
		5 006 926
Deferred charges	9	2 250
Total assets		**8 414 534**
Liabilities		
Current liabilities		
Other payables and accrued expenses	6	95 621
Tax debts	7	4 013
Total liabilities (excluding net assets attributable to holders of redeemable shares)		**99 634**
Net assets attributable to holders of redeemable shares		**8 314 900**
Represented by:		
Number of Ordinary shares outstanding	10	5 015 499
Number of Class A shares outstanding	10	1
Number of Class B shares outstanding	10	5 015 500

The accompanying notes form an integral part of these financial statements.

DUTCH VENTURE INITIATIVE II S.A. SICAR

Statement of comprehensive income

For the period from April 12, 2016 (incorporation date of the Company) to March 31, 2017

	Notes	Period ended March 31, 2017 EUR
Income		
Fair value adjustment on financial assets at fair value through profit or loss	5	19 240
Total income		**19 240**
Expenses		
Administration and custody fees	11	(49 498)
Professional fees	11	(1 581 426)
Formation expenses		(56 033)
Other operating fees	12	(26 830)
Other financial charges	13	(17 540)
Taxes		
Income tax	14	(4 013)
Total operating expenses		**(1 735 340)**
Total comprehensive loss for the period		**(1 716 100)**

The accompanying notes form an integral part of these financial statements.

DUTCH VENTURE INITIATIVE II S.A. SICAR

Statement of changes in net assets attributable to holders of redeemable shares

For the period from April 12, 2016 (incorporation date of the Company) to March 31, 2017

	Period ended March 31, 2017 EUR
Net assets attributable to holders of redeemable shares at the beginning of the period	**-**
Proceeds from redeemable shares issued	10 031 000
Distributions to holders of redeemable shares (finance cost)	-
Net increase from share transactions	**10 031 000**
Total comprehensive profit/(loss), excluding finance cost	(1 716 100)
Decrease in net assets attributable to holders of redeemable shares from operations	**(1 716 100)**
Net assets attributable to holders of redeemable shares at the end of the period	**8 314 900**
Number of redeemable shares outstanding at the beginning of the period	**-**
Number of redeemable shares issued during the period	10 031 000
Number of redeemable shares outstanding at the end of the period	**10 031 000**

The accompanying notes form an integral part of these financial statements.

DUTCH VENTURE INITIATIVE II S.A. SICAR

Statement of cash flows

For the period from April 12, 2016 (incorporation date of the Company) to March 31, 2017

	Notes	Period ended March 31, 2017 EUR
Cash flows from operating activities		
Operating (loss)/profit		(1 716 100)
Adjustment for:		
Net changes in fair value of financial assets at fair value through profit and loss	5	(19 240)
Operating loss before working capital changes		**(1 735 340)**
Decrease in Deferred charges	9	(2 250)
Increase in Other payables and accrued expenses	6,7	95 621
Increase in Tax debts	7	4 013
Net cash provided by/(used in) operating activities		**(1,637,956)**
Cash flows from investing activities		
Financial assets acquisition	5	(3 386 118)
Net cash used in investing activities		**(3 386 118)**
Cash flows from financing activities		
Capital contributions from shareholders	10	10 031 000
Net cash from financing activities		**10 031 000**
Net increase/(decrease) in cash and cash equivalents		**5 006 926**
Cash and cash equivalents at the beginning of the period		**-**
Cash and cash equivalents at the end of the period		**5 006 926**

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

For the period from April 12, 2016 (incorporation date of the Company) to March 31, 2017

1. General information

Dutch Venture Initiative II S.A. SICAR (the “Company”) was incorporated on April 12, 2016 as a Luxembourg investment company in risk capital (Société d'Investissement en Capital à Risque) with variable capital governed by the 2004 Act, the Companies Act and the Articles of Incorporation and has adopted the form of a public limited liability company (Société Anonyme). The registered office of the Company is established in 5, Allée Scheffer, L-2520 Luxembourg, registered with the Luxembourg trade and companies register under the number B.205.590.

The Company's investment objective is to invest assets representing risk capital over a long investment horizon (on average, 10 to 15 years). The Company intends to achieve its objectives through the construction of a balanced portfolio of Portfolio Funds that invest their assets in private equity or venture capital. All participation in, or commitments to, Portfolio Funds will have to qualify as risk capital within the meaning of article 1 of the 2004 Act and CSSF Circular 06/241.

Portfolio Funds will target as part of their investment objectives to invest (including as the case may be through co-investments) in Innovative SMEs with above-average future growth prospects and a strong competitive position in their sector.

The Company has been set up for a limited duration and will be automatically put into liquidation on April 12, 2033, or if earlier, the date on which all Investments have been disposed of or otherwise realised by the Company and the proceeds of such disposals or realisations have been distributed to the Investors, or upon a Supermajority Resolution.

The fiscal year will begin on April 1 of each year and ends on March 31 of the next year, with the exception of the first financial period, which began on April 12, 2016 (incorporation date of the Company) and ended on March 31, 2017.

As at March 31, 2017, the Company is held by European Investment Fund (“EIF”) and by Participatiemaatschappij Oost Nederland NV (“PPM Oost”). Class A Share and Ordinary shares are held by EIF and Class B Shares are held by PPM Oost.

Notes to the financial statements (continued)

For the period from April 12, 2016 (incorporation date of the Company) to March 31, 2017

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of Dutch Venture Initiative II S.A. SICAR have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.5.

The Company's financial statements have been authorized for issue by the Board of Directors on July 14, 2017.

(a) Standards issued and effective

The accounting policies adopted are consistent with those of the previous financial year.

(b) Standards issued but not effective

The following IFRS and IFRIC interpretations applicable to the Company were issued but are not yet effective. The Company has chosen not to early adopt these standards and interpretations. The Company plans to adopt them at the date of endorsement by the European Union.

- IAS 1, 'Disclosure initiative', *Amendments to IAS 1*

  The amendments clarify the materiality requirements in IAS 1, that specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated, that entities have flexibility as to the order in which they present the notes to financial statements and that the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

  Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2017. The Company is in the process of analysing the impact of this standard on its operations.

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) Standards issued but not effective (continued)

- IFRS 9, 'Financial instruments'

This standard is the first step in a three-part project by the IASB to replace IAS 39 financial instruments. This first part, dealing with the classification and measurement of financial assets, simplifies the recognition of financial assets by requiring such assets to be measured at either amortised cost or fair value, depending on certain criteria. The standard is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The date of the adoption of this standard by the Company will also be dependent on the timing of the EU endorsement process. The Company is in the process of analysing the impact of this standard on its operations.

- IFRS 15 – 'Revenue from contracts with customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. This standard will replace existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 will be effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The date of the adoption of this standard by the Company will also be dependent on the timing of the EU endorsement process. The Company is in the process of analysing the impact of this standard on its operations.

2.2 Investment entities' consolidation exemption

The Investment entities' consolidation exemption (Amendments to IFRS 10, IFRS 12 and IAS 27) is applicable for the periods commencing on January 1, 2014. The Company qualifies as an investment entity since it meets the below criteria under IFRS 10:

- Obtain funds from one or more investors for the purpose of providing those investors with investment management services;
- Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- Measures and evaluates the performance substantially all of its investment on a fair value basis.

Since the Company meets the definition of an investment entity, it is not required to consolidate the investment. As a result, the Company has accounted its investments at fair value through profit or loss (FVTPL).

2.3 Foreign currency translation

(a) Functional and presentation currency

The Company's investors are mainly from the Eurozone, with the subscriptions and redemptions of the shares denominated in Euro. The performance of the Company is measured and reported to the investors in Euro.

The Board of Directors considers the Euro as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Euro, which is the Company's functional and presentation currency.

2. Summary of significant accounting policies (continued)

2.3 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents, if any, are presented in the statement of comprehensive income within ‘net foreign currency gains or losses on cash and cash equivalents’.
Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within ‘other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss’.

2.4 Financial assets and financial liabilities

(a) Classification

The Company classifies its investments in debt and equity securities, and derivatives, as financial assets or financial liabilities at fair value through profit or loss.

This category has two sub-categories: financial assets or financial liabilities held for trading; and those designated at fair value through profit or loss at inception.

(i) Financial assets and liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorized as held for trading. The Company does not classify any derivatives as hedges in a hedging relationship.

(ii) Financial assets and liabilities designated at fair value through profit or loss at inception

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Company’s documented investment strategy.

The Company’s policy requires the Adviser and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

2. Summary of significant accounting policies (continued)

2.4 Financial assets and financial liabilities (continued)

(b) Recognition, derecognition and measurement

Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the year in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income when the Company's right to receive payments is established.

Capital repayment from financial assets at fair value through profit or loss is recognized in the statement of financial position as a decrease of the financial assets and until the initial cost is fully reimbursed.

2.5 Fair value consideration

Under the valuation technique, the fair value of private equity (PE) funds is achieved by applying the aggregated Net Asset Value (NAV) method based on the information obtained from the respective administrators and fund managers, as adjusted where deemed necessary by the Board of Directors, apart from recently launched funds where the acquisition cost is applied.

This valuation method implicitly assumes that if the NAVs of underlying funds can be considered as equivalent to the fair value as determined under IFRS 13, then the aggregation of the NAVs of all funds will itself be equivalent to the fair value as determined under IFRS 13.

In accordance with this method, the PE funds are internally classified into three categories:

- Category A – funds that have adopted the fair value requirements of IFRS 13.
- Category B – funds that have adopted valuation guidelines (such as the former 2001 EVCA) or standards that can be considered as a practical expedient for fair value measurements under IFRS 13.
- Category C – funds that depart from fair value requirements of IFRS 13.

Although it is assumed for category A and B that the NAV is a reliable estimation of the fair value and specific review is performed, it must be stated that underlying investments have been estimated in the absence of readily ascertainable market values. Because of the inherent uncertainty of valuation and current market conditions, actual results in the future could differ from the fund manager's estimate of values and the difference may be material to the financial statements.

As far as category C funds are concerned, adjustments to the NAV may be required to comply with the Fund's valuation policy.

Notes to the financial statements (continued)

For the period from April 12, 2016 (incorporation date of the Company) to March 31, 2017

2. Summary of significant accounting policies (continued)

2.5 Fair value consideration (continued)

The fair value attributable NAV is determined through applying either the Fund's percentage ownership in the underlying vehicle to the net asset value reflected in the most recent report or, to the extent available, the precise share value at the same date, submitted by the respective fund manager. In order to bridge the interval between the last available NAV and the year-end reporting year, a subsequent event review procedure is performed and if necessary the reported NAV is adjusted.

The fair value of co-investments that are not quoted in an active market is determined by using valuation techniques, similarly to the fair value of PE funds.

2.6 Critical accounting estimates and judgments

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment when applying the Company's policy. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in future could differ from such estimates and the differences may be material to the financial statements.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in notes 2.4 and 3.

Judgments and estimates are made in the determination of fair values of equity investments and on the determination and disclosures of unconsolidated structured entities and investment entities in which the Company has an interest as described in note 20.

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when the Company currently has a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.8 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position includes cash in hand, deposits held at call with banks and other short-term investments in an active market with residual maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

2.9 Other payables and accrued expenses

Other payables and accrued expenses are not interest bearing and are stated at their nominal value which approximates their fair value because of their short term to cash payment.

2. Summary of significant accounting policies (continued)

2.10 Shares

The Company is a closed-ended SICAR; consequently investors are not entitled to request redemption of their Shares, except the European Investment Fund. The Company issues ordinary, class A and class B shares for which the Management of the Fund decided to recognize them as a financial liability according to the definition of IAS 32.

Shares may be redeemed at the initiative of the Company in some circumstances. Company may in particular decide to:

- redeem Shares of any Class, on a pro rata basis among shareholders in order to distribute net distributable cash.
- redeem Shares held by Restricted Person, or in case of admission of subsequent investors or redeem shares held by an investor who fails to make required contributions or other payments.

2.11 Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in statement of comprehensive income.

2.12 Distributions payable to shareholders

Proposed distributions to shareholders are recognised in the statement of changes in net assets attributable to holders of redeemable shares when they are appropriately authorised and no longer at the discretion of the Company. This typically occurs when proposed distribution is ratified at the Annual General Meeting. The distribution on the shares is recognised as a finance cost in the statement of changes in net assets attributable to holders of redeemable shares.

2.13 Increase/decrease in net assets attributable to holders of redeemable shares from operations

Income not distributed is included in net assets attributable to holders of redeemable shares. Movements in net assets attributable to shareholders are recognised in the statement of changes in net assets attributable to holders of redeemable shares as finance costs.

2.14 Taxation

According to the 2004 Act, the Company is subject to Luxembourg income tax. However, income arising from securities held by the Company, as well as income arising from the sale, contribution or liquidation of securities held by the Company, does not constitute taxable income.

Income arising from liquid assets pending their investment in capital risk also does not constitute taxable income under the 2004 Act. This exemption only applies to the twelve month year immediately prior to the investment of such assets in risk capital assets.

The Company is not subject to net wealth tax and the activity of rendering services relating to the management of a SICAR is exempt from VAT, no stamp duty or other tax is due on the issue or transfer of the Shares.

3. Financial risks

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk and price risk), credit risk and liquidity risk.

The Company's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Company is exposed and seeks to minimise potential adverse effects on the Company's financial performance. The Company's policy allows it to use derivative financial instruments to both moderate and create certain risk exposures.

The management of these risks is carried out by the Adviser under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments and the investment of excess liquidity.

The Company's use of leverage and borrowings can increase the Company's exposure to these risks, which in turn can also increase the potential returns the Company can achieve. The Company will have the power to borrow money (directly or at the level of intermediary vehicles) through loans, repurchase obligations or otherwise, and to secure those borrowings with liens or other security interests in, or mortgages on, the assets of the Company provided that the Company will not, at any point in time, incur a level of borrowing in excess of an amount equivalent to the lower of 20% of the aggregate commitments and the aggregate amount of undrawn commitments at such date. Investments and lending in loan are limited to a maximum of 20% of the aggregate commitments.

The Company uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

3.1 Market risk

(a) Price Risk

The Company is exposed to equity securities price risk. This arises from investments held by the Company for which prices in the future are uncertain. Where non-monetary financial instruments – for example, equity securities – are denominated in currencies other than the euro, the price initially expressed in foreign currency and then converted into euros will also fluctuate because of changes in foreign exchange rates. Paragraph 'Foreign exchange risk' below sets out how this component of price risk is managed and measured.

The Company's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the Board of Directors.

The Company will not invest more than 15% of the aggregate commitments in one single portfolio fund; however, the Company may invest up to 20% of aggregate commitments in any one single portfolio fund subject to the unanimous consent of all members of the investment committee.

The Company will seek to take participations of up to 40% of a portfolio fund's aggregate commitments, up to a maximum of 49.9%; to assess such 49.9% limit, participations in the relevant portfolio fund held by the adviser (whether in its own name or as manager/agent/trustee/adviser for others) will be added to the Company's participation; provided however that the Company may derogate from the investments limits set out in the Private Placement Memorandum with the unanimous approval of the members of the Investment Committee.

Notes to the financial statements (continued)

For the period from April 12, 2016 (incorporation date of the Company) to March 31, 2017

3. Financial risks (continued)

3.1 Market risk (continued)

(a) Price Risk (continued)

The Company will exclusively enter into loan or other similar type of arrangements as lender alongside, or for the preparation of, investments and lending will be limited to a maximum of 20% of the aggregate commitments at any point in time. Where lending structures are used to take equity risks, such funding will be considered as equity (convertible bonds and warrants etc.).

The Company may (but is not under an obligation to) use financial instruments to hedge the Company's exposure to currency exchange rate fluctuations resulting from participations or commitments in portfolio funds not denominated in Euro between the date of the commitment and the date on which such commitment is being drawn down. The Company will not seek any form of hedging for any other risk of currency fluctuations and such risk will be borne entirely by the Investors.

As at March 31, 2017, the fair value of the investments held was as follows:

March 31, 2017	Country	% Ownership	Capital called	Fair value	Fair value adjustment
Glide Healthcare IV UA	Netherlands	5,2%	815 687	834 927	19 240
Karmijn Kapitaal II	Netherlands	14,0%	2 570 431	2 570 431	-
Total investments			**3 386 118**	**3 405 358**	**19 240**

Price Sensitivity Analysis

Using the most conservative beta from the three listed PE indices, LPX Europe Price Index, LPX Venture Price Index and LPX Buyout Price Index, and assuming market price movements of ±10 %, the final sensitivity (i.e. beta x ±10 %) is applied to the net asset value to give an adjusted net asset value, which is then compared to the net paid in.

The PE investment value would be impacted as follows:

Public market risk: ALL PRIVATE EQUITY	
10%	**10%**
Retained Beta 0,673	**Retained Beta 0,673**
Final Sensitivity: +6.73%	**Final Sensitivity: +6.73%**
Total effect on equity	Total effect on equity
(EUR)	(EUR)
177 981	(177 981)

3. Financial risks (continued)

3.1 Market risk (continued)

(b) Foreign exchange risk

Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities.

As at March 31, 2017, there is no foreign exchange risk as all the transactions have been made in the functional currency, EUR.

(c) Interest rate risk

Interest rates are determined by factors of supply and demand in the international money markets, which are influenced by macro-economic factors, speculation and central bank and government intervention.

Fluctuations in short term and/or long term interest rates may affect the value of the Company. Interest rate risk is the risk resulting from changes in the level of interest rates, in the slope of the yield curve, in the shape of the yield curve, or in any other interest rate relationship.

The Company's exposure to interest risk rate is limited to its cash at bank and bank overdrafts that have a maturity of less than one year. If the interest rate had been 100 basis points higher/lower and all other variables were held constant, the Company's annualized profit for the period ended March 31, 2017 would increase/decrease by EUR 50 069.

3.2 Credit risk

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

For the Company, the greatest exposure in terms of credit risk relates to its cash and cash equivalents (Note 8).

The Company's policy is to minimize credit risk by entering into transactions only with leading financial institutions and reputable industrial companies. Any such temporary investments must be placed with reputable prime rated institutions such as CACEIS Bank, Luxembourg Branch ("CACEIS BL") for all its cash management and potential credit risk relative to cash and cash equivalents. CACEIS BL, a member of the Crédit Agricole Group, is a major actor in the asset servicing providers market and is one of the leaders in the French market. CACEIS BL is rated A by Standard & Poor's as at March 31, 2017.

As at March 31, 2017, there are no financial assets that are past due or impaired.

3. Financial risks (continued)

3.3 Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. Therefore, the liquidity risk relates to working capital on the short-term and underlying investments on the long term.

The objective of the Company in relation to the liquidity risk is to ensure on both short-term and long-term views that all financial liabilities will be met without impacting the return to its shareholders.

- Liquidity risk on payables

At the Company level, the liquidity risk may arise from the operating payables included in the statement of financial position as at the year end. The Company must ensure that it owns sufficient cash and cash equivalent to discharge itself from these short-term obligations.
As at March 31, 2017, the cash is sufficient to cover all the payables.

- Liquidity risk at exit date

The second component of risk relative to timely exit arises particularly from the fact that the Company invested 100% of its total assets in unquoted securities. As the Company invests most of its funds in illiquid assets, the liquidity risk must be considered as one of the key risk for the Company.

However, even if the illiquidity aspect of the assets may impact the value of the investments at exit date, it is not in the intent of the Company to implement an exit strategy over the short-term. The investment year of the Company is not yet ended as at March 31, 2017.

- Liquidity risk on defaulting shareholders

At the Company level, liquidity risk may also arise upon failure by a shareholder to make payment pursuant a capital call. Liquidity risk related to defaulting shareholder is mitigated by accepting commitments to the Company only from reputable, well-informed institutional and professional investors.
The advisor manages liquidity risk by ensuring that the Company has sufficient cash and cash equivalent at all times. In terms of liquidity risk at exit date, the advisor regularly monitors and simulates the exit strategies to ensure that the optimum exit strategy will be executed within the term of the Company.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining year at the date of the statement of financial position to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

March 31, 2017 Financial liabilities	**Less than 1 month**	**1 to 12 months**	**More than 12 months**	**No stated maturity**	**Total**
Other payables and accrued expenses	-	99 634	-	-	99 634
Net assets attributable to holders of redeemable shares	-	-	8 314 900	-	8 314 900
Contractual cash outflow	**-**	**99 634**	**8 314 900**	**-**	**8 414 534**

Notes to the financial statements (continued)

For the period from April 12, 2016 (incorporation date of the Company) to March 31, 2017

3. Financial risks (continued)

3.4 Capital risk management

The capital of the Company is represented by the net assets attributable to shareholders. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Company.

The investment advisor monitors capital on the basis of the value of net assets attributable to shareholders.

The Company is a closed-ended SICAR, consequently investors are not entitled to request redemption of their Shares, excepted for the ordinary and class A shares held by the European Investment Fund.

3.4.1 Fair Value Classification

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(i) Level 1: Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1. Quoted prices for these instruments are not adjusted.

(ii) Level 2: 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.

(iii) Level 3: Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. All the investments held by the Company and classified as financial assets at fair value through profit or loss are included in this category. The inputs into the determination of fair value require significant management judgment or estimation.

The table below analyses financial instruments measured at fair value as at March 31, 2017 according to the level in the fair value hierarchy into which the fair value measurement is categorised:

Assets measured at fair value	**Level 3**	**Total balance as at March 31, 2017**
	EUR	**EUR**
Financial assets at fair value through profit or loss	3 405 358	3 405 358

The changes in Level 3 instruments for the period ended March 31, 2017 are disclosed in Note 5. There were no transfer between levels for the period ended March 31, 2017.

Please refer to Note 2.5 for further information on the determination of the fair value for level 3 instruments.

4. Dividend income

No dividend has been received during the period.

5. Financial assets at fair value through profit or loss

Financial fixed assets held by the Company as at March 31, 2017 can be detailed as follows. The fair value is the sum of acquisition costs of the investment and the cumulative fair value variations of the underlying investments since the acquisition date.

Name	Country	Investment date	CCY	Total commitment (in EUR)	Drawn amount * (in EUR)	Undrawn commitment (in EUR)	Cost (in EUR)	Fair Value (in EUR)	Unrealised gain/(loss) (in EUR)
Glide Healthcare IV	Netherlands	26/05/16	EUR	13 000 000	815 687	12 184 313	815 687	834 927	19 240
Karmijn Kapitaal II	Netherlands	24/06/16	EUR	12 500 000	2 570 431	9 929 569	2 570 431	2 570 431	-
				25 500 000	**3 386 118**	**22 113 882**	**3 386 118**	**3 405 358**	**19 240**

** During the financial year, the capital repayments which were paid and which are not recallable are included in the amounts disclosed in the column "Drawn amounts".*

The financial assets not measured at FVTPL include:

i. cash and cash equivalents, balances due from/to brokers and receivables/payables under sale and repurchase agreements. These are short-term financial assets and financial liabilities whose carrying amounts approximate fair value, because of their short-term nature and the high credit quality of counterparties; and

ii. net assets attributable to holders of redeemable shares. The carrying amount of net assets attributable to holders of redeemable shares approximates their fair value. The shares are categorised into Level 2 of the fair value hierarchy.

5. Financial assets at fair value through profit or loss (continued)

5.1 Glide Healthcare IV UA

As at March 31, 2017, the Company held 5,2% of Glide Healthcare IV UA for a total commitment of EUR 13 000 000.

An initial amount has been called and paid in August 2016 for EUR 484 277.

Additional amount has been called during the year, EUR 331 410 in February 2017.

At the end of the year, EUR 12 184 313 remain unfunded.

5.2 Karmijn Kapitaal II

As at March 31, 2017, the Company held 14,0% of Karmijn Kapitaal II for a total commitment of EUR 12 500 000.

An initial amount has been called and paid in July 2016 for EUR 810 674.

Additional amount has been called during the year, EUR 120 605 in August 2016, EUR 829 028 in October 2016 and EUR 810 124 in January 2017.

At the end of the year, EUR 9 929 569 remain unfunded.

6. Other payables and accrued expenses

As at March 31, 2017, accrued expenses are composed as follows:

	As at March 31, 2017 **EUR**
Administration fees	25 485
Audit fees	20 000
Legal fees	35 000
Fiscal fees	12 870
Other fees*	2 266
	95 621

** Other fees are composed of accrued interest and of travel expenses*

Notes to the financial statements (continued)

For the period from April 12, 2016 (incorporation date of the Company) to March 31, 2017

7. Tax debts

As at March 31, 2017, tax debts are composed as follows:

	As at March 31, 2017 EUR
Net Wealth Tax	4 013
	4 013

8. Cash and cash equivalents

The position as at March 31, 2017 on cash account is as follows:

	As at March 31, 2017 EUR
Cash at bank	5 006 926
	5 006 926

9. Deferred charges

During the year, the Company paid insurance fees for the year from August 2016 to August 2017 for EUR 21 861 and the annual CSSF fees for EUR 6 000 . To reflect only the expenses for the year ended on March 31, 2017, deferred charges for EUR 2 250 have been booked.

Notes to the financial statements (continued)

For the period from April 12, 2016 (incorporation date of the Company) to March 31, 2017

10. Shares

As at March 31, 2017, the Company issued three types of shares. The movements in the number of shares are as follows:

Redeemable shares	Class A	Class B	Ordinary
As at April 12, 2016	-	-	-
Shares issued during the period	1	5 015 500	5 015 499
Shares redeemed during the period	-	-	-
Equalisation	-	-	-
As at March 31, 2017	**1**	**5 015 500**	**5 015 499**

European Investment Fund has subscribed one Class A share for EUR 1. This kind of share, limited to a maximum of one share, is reserved only for subscription by the EIF and grants its holder the right to receive preferred return and Carried interest.

Class B Shares are reserved for subscription by PPM Oost and grant their holders the right to receive preferred return.

Ordinary shares are reserved to eligible investors and have the same financial rights as the Class B.

The movements in the capital since the incorporation of the Fund are as follows:

	Commitment	Called commitment	Uncalled commitment
	EUR	**EUR**	**EUR**
Class A	1	1	-
Class B	100 000 000	5 015 500	94 984 500
Ordinary	99 999 999	5 015 499	94 984 500
	200 000 000	**10 031 000**	**189 969 000**

The Net Asset Value per share for each class is as follow:

	Net Asset Value per share
	EUR
Class A	0.83
Class B	0.83
Ordinary	0.83

Notes to the financial statements (continued)

For the period from April 12, 2016 (incorporation date of the Company) to March 31, 2017

10. Shares (continued)

Distribution payable to shareholders

Subject to the remaining provisions, all net distributable cash will be distributed to investors in accordance with the following waterfall:

(a) Firstly, 100% to all investors in repayment of their capital contributions;

(b) Secondly, 100% to all investors in proportion to their capital contributions until they have received distributions equal to a 5% per annum compound interest calculated annually (the preferred return) on the capital contributions at any time outstanding, from the date of payment of the same up to the date of reimbursement upon distributions;

(c) Thirdly (Catch Up), 100% to the holder of the class A Share until it has received in aggregate an amount equal to 11.111% of the preferred return

(d) Fourthly, 90% to all investors (including the holder of the class A share in such capacity) and 10% to the holder of the class A share.

For the period ended March 31, 2017, the total cash distribution amounts to nil.

11. Administration and Professional fees

As at March 31, 2017, administration fees are as follows:

	As at March 31, 2017
	EUR
Accounting fees	25 772
Domiciliary Fees	6 786
Register and Transfer Agent fees	2 300
Supervisory Fees	7 400
Transaction Fees	1 740
Reporting fees	5 500
	49 498

11. Administration and Professional fees (continued)

As at March 31, 2017, professional fees are as follows:

	As at March 31, 2017 EUR
Audit fees	20 000
Legal fees	38 718
Fiscal fees	12 870
Tax advisory fees	82 598
Advisory Fees *	1 427 240
	1 581 426

** An annual advisory fee equal to 0.75% of the aggregate investor commitments is paid in advance each quarter by the Company.*

12. Other operating fees

As at March 31, 2017, other operating fees are as follows:

	As at March 31, 2017 EUR
Travel expenses	734
Insurance fees	21 861
Other fees	4 235
	26 830

13. Other financial charges

This item is composed of bank interests on current accounts for an amount of EUR 10 401 and of financial consulting for an amount of EUR 7 139.

14. Taxes

This item is only composed of the payment of the net wealth tax, for the current year for EUR 3 210 and for 2016 for EUR 803.

15. Related-party transaction

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 operational decisions.

As at March 31, 2017, the following transaction was carried out with related parties:

	Note	**As at March 31, 2017** **EUR**
Advisory fees paid to EIF	11	1 427 240

16. Interest in unconsolidated structured entities and in investment entities

The Company has interest in entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, or when the relevant activities are directed by means of contractual arrangements. The Company has interest in unconsolidated structured entities as described below.

Structured entities or investment entities may be established as corporations, trusts or partnerships. Structured entities or investment entities generally:

- subscribe to equity issued by SMEs in the context of Private Equity transactions

The table below describes the types of structured entities in which the Company concluded that it has an interest and no control:

Type of structured entity	Nature and purpose	Interest held by the Fund
Limited Partnership in relation to Private Equity operations (see section 20.1)	Acquisition, holding, managing and disposal of participations in any enterprise subject to the conditions laid down in the Limited Partnership Agreement	• Investments in shares issued by the Limited Partnership • Capital and revenues repayments

16. Interest in unconsolidated structured entities and in investment entities (continued)

16.1 Interest in structured entities in relation to Private Equity operations

Below is a description of the Company's involvement in unconsolidated structured entities by type. The Company concluded that it does not control and therefore should not consolidate any entity described in section 20.1 as the Company does not have power over the relevant activities of the entities.

Operations are typically structured as follows:

- An investment fund is setup with a General Partner (hereafter "GP") and with a number of Limited Partners (hereafter "LPs"), who form together the Limited Partnership. In addition, the Limited Partnership Agreement discloses the investment strategy foreseen within the entity and agreed between the GP and the LPs;

- When financing is brought by the LPs, full authority and power is given to the GP, which could delegate the investment part to an investment manager;

- The use of voting rights by the LPs is often foreseen to revocate the GP either with a cause or without cause. Even if an investment board within the entity is setup, it should be noted that such an investment board has a consultative role only and is not therefore one of the decision-making bodies of the Limited Partnership.

The Fund is an LP, it does not act as a GP and is from time to time a member of the consultative investment board. Commitments have been made to funds that focus on investments in innovative SMEs with above average future growth prospects and a strong competitive position in their sector.

As at the period end all investments in unconsolidated structured entities are recognised in assets at fair value through the profit & loss.

As at March 31, 2017, the Company's interest ranged from 5.12% to 14.04% and the maximum loss exposure from PE structured entities is limited to the amount of committed investments as disclosed in Note 5. The nature of these investments is further detailed in Note 5 and the risk exposure in Note 3.

17. Subsequent events

There is no material subsequent event to be mentioned.