

Registered number OC386497

CROSSLANE PARTNERS LLP

Report and consolidated financial statements
For the year ended 31 December 2015



CROSSLANE PARTNERS LLP

Report and financial statements At 31 December 2015

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CROSSLANE PARTNERS LLP

Members and advisors

Designated members:

Burnwater Limited
Jerzy Zygmunt Swirski
GS Investments SLP
Gierynski Investments Limited
Lissington Limited
SJR Holdings Limited

Independent Auditor:

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Registered office:

Smithfield House
92 North Street
Leeds
LS2 7PN
United Kingdom

Bankers:

Barclays Bank PLC
88 Dighenis Akritas Avenue
CY-1644 Nicosia
Cyprus

Solicitors:

Travers Smith LLP
10 Snow Hill
London
EC1A 2AL

CROSSLANE PARTNERS LLP

Report of the Members

The members present their report and the consolidated financial statements of Crosslane Partners LLP (the "Partnership") and its subsidiaries, together the "Group" for the year ended 31 December 2015.

Incorporation

Crosslane Partners LLP was incorporated in the United Kingdom, on 9 July 2013 as a limited liability partnership under the Limited Liability Partnerships Act 2000.

Principal activities

The principal activity of the Group is the provision of investment management services to Abris CEE Mid-Market Fund II LP, Abris CEE Mid-Market Fund II-A LP, and China-CEE Management S.a.r.l., along with holding an investment in Edgeborough Partners LP, a limited partner of Abris CEE Mid-Market Fund LP. The Partnership's activities commenced on 21 November 2013 following the acquisition of its subsidiaries by contribution from its members.

Review of current position, future developments and significant risks

The Group's development to date, financial results and position as presented in the financial statements are considered satisfactory. The members are satisfied that the Group is expected to remain profitable, that income will be received on a timely basis to meet liabilities as they fall due, and that the Group will continue as a going concern.

The most significant risks faced by the Group and the steps taken to manage these risks, are described in note 3 of the financial statements.

Results

The Group's results for the year are set out on page 4. The priority profit share of the Partnership for the year was all charged as an expense to the members as remuneration.

Policy with respect to members' drawings and subscription and repayments of amounts subscribed or otherwise contributed by members

Members holding GS Units of the Partnership are permitted to make drawings in anticipation of profits which will be allocated to them. The amount of such drawings is set at the beginning of each year. New members may be admitted to the Partnership pursuant to a Members' Consent. The contribution of the New Member shall be agreed between such New Member and the Members by a Members' Consent.

Responsibilities of the management committee

The management committee are responsible for preparing the Members' report and the financial statements in accordance with applicable law and regulations.

Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 requires the members to prepare financial statements for each financial year. Under that law the management committee have elected to prepare the financial statements in accordance with IFRS. Under Company law as applied to limited liability partnerships the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that year.

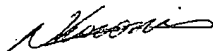
In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Registered office:
Smithfield House
92 North Street
Leeds
LS2 7PN
UK

Signed on behalf of the members



On behalf of Gierynski Investments Limited
Designated member

CROSSLANE PARTNERS LLP

Independent auditor's report to the members of Crosslane Partners LLP

We have audited the financial statements of Crosslane Partners LLP for the year ended 31 December 2015 which comprise the Statements of Comprehensive Income, the Statements of Financial Position, the Statements of Changes in Equity, the Statements of Cash Flows and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the limited liability partnerships' designated members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As explained more fully in the Report of the Members set out on page 2, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and consolidated financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the group's and the limited liability partnership's affairs as at 31 December 2015 and of the group's and the limited liability partnership's profit for the year then ended;
- ▶ have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

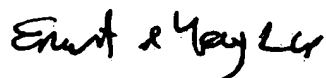
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Members for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- ▶ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the accounting records and returns; or
- ▶ we have not received all the information and explanations we require for our audit.



Ashley Coups (senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory auditor
London
Date 27 September 2016

CROSSLANE PARTNERS LLP

Statements of comprehensive income Year ended 31 December 2015

| | Note | Group 2015 £ | Group 2014 £ | LLP 2015 £ | LLP 2014 £ |
|---|------|--------------------|--------------------|--------------------|------------------|
| Revenue | 6 | 10,979,398 | 8,114,477 | 1,474,016 | 420,400 |
| Administrative expenses | 7 | (8,885,550) | (6,730,235) | (50,351) | (33,612) |
| Operating profit | | 2,093,848 | 1,384,242 | 1,423,665 | 386,788 |
| Net finance income / (expense) | 9 | 23,641 | (18,622) | (1,630) | (1,982) |
| Profit before tax | | 2,117,489 | 1,365,620 | 1,422,035 | 384,806 |
| Tax | 10 | (141,328) | (86,273) | - | - |
| Net profit for the year | | 1,976,161 | 1,279,347 | 1,422,035 | 384,806 |
| Comprehensive income | | | | | |
| Comprehensive net gain on available for sale financial assets to be reclassified to profit and loss in subsequent periods | 15 | 3,125,211 | - | - | - |
| Exchange differences on translation of foreign operations | | (19,747) | - | - | - |
| Total comprehensive income for the year before members' remuneration and profit shares | | 5,081,625 | 1,279,347 | 1,422,035 | 384,806 |
| Members' remuneration charged as an expense | 5 | (1,422,035) | (384,806) | (1,422,035) | (384,806) |
| Total comprehensive income for the year | | 3,659,590 | 894,541 | - | - |
| Attributable to: | | | | | |
| Equity holders of the parent | | 3,419,283 | 591,541 | - | - |
| Non-controlling interests | | 240,307 | 303,000 | - | - |
| | | 3,659,590 | 894,541 | - | - |

All of the activities of the Group are from continuing operations.

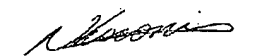
The notes on pages 8 to 16 form an integral part of these financial statements.

CROSSLANE PARTNERS LLP

Statements of financial position At 31 December 2015

| | Note | Group 2015 £ | Group 2014 £ | LLP 2015 £ | LLP 2014 £ |
|-------------------------------------|------|--------------------|--------------------|------------------|------------------|
| ASSETS | | | | | |
| Fixed assets | | | | | |
| Investments | 11 | 3,237,255 | 99,907 | 390,603 | 324,261 |
| Non-current financial assets | 12 | - | 263,608 | - | - |
| | | 3,237,255 | 363,515 | 390,603 | 324,261 |
| Current assets | | | | | |
| Trade and other receivables | 13 | 2,432,660 | 1,753,307 | - | - |
| Prepayments and accrued income | 13 | 1,204,446 | 476,395 | 318,696 | 3,637 |
| Cash and cash equivalents | 14 | 941,105 | 391,138 | 4,683 | 3,873 |
| | | 4,578,211 | 2,620,840 | 323,379 | 7,510 |
| Total current assets | | 4,578,211 | 2,620,840 | 323,379 | 7,510 |
| Total assets | | 7,815,466 | 2,984,355 | 713,982 | 331,771 |
| EQUITY AND LIABILITIES | | | | | |
| Equity and reserves | | | | | |
| Members' capital | 18 | 324,261 | 324,261 | 324,261 | 324,261 |
| Other reserves | | (19,747) | - | - | - |
| Available for sale reserve | 15 | 3,125,211 | - | - | - |
| Accumulated profits | | 1,795,865 | 1,482,045 | - | - |
| | | 5,225,590 | 1,806,306 | 324,261 | 324,261 |
| Non-controlling interests | | 364,046 | 123,739 | - | - |
| | | 5,589,636 | 1,930,045 | 324,261 | 324,261 |
| Current liabilities | | | | | |
| Trade and other payables | 16 | 2,225,830 | 1,054,310 | 389,721 | 7,510 |
| | | 2,225,830 | 1,054,310 | 389,721 | 7,510 |
| Total liabilities | | 2,225,830 | 1,054,310 | 389,721 | 7,510 |
| Total equity and liabilities | | 7,815,466 | 2,984,355 | 713,982 | 331,771 |

The members acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.



On behalf of Gierynski Investments Limited
Designated Member
Date: 23 September 2016
Registered number: OC386497

The notes on pages 8 to 16 form an integral part of these financial statements.

CROSSLANE PARTNERS LLP

Statements of changes in equity Year ended 31 December 2015

| Group | Members' capital £ | Available for sale reserve £ | Other reserves £ | Accumulated profits £ | Total £ | Non-controlling interests £ | Total equity £ |
|---|-----------------------|---------------------------------|---------------------|--------------------------|------------------|--------------------------------|-------------------|
| At 9 July 2013 | 324,261 | - | - | - | 324,261 | - | 324,261 |
| Acquisition of subsidiaries | - | - | - | 890,504 | 890,504 | (179,261) | 711,243 |
| Net profit for the period | - | - | - | 976,347 | 976,347 | 303,000 | 1,279,347 |
| Members' remuneration | - | - | - | (384,806) | (384,806) | - | (384,806) |
| At 31 December 2014 | 324,261 | - | - | 1,482,045 | 1,806,306 | 123,739 | 1,930,045 |
| Net profit for the year | - | - | - | 1,735,855 | 1,735,855 | 240,307 | 1,976,162 |
| Other comprehensive income for the year | - | 3,125,211 | (19,747) | - | 3,105,464 | - | 3,105,464 |
| Members' remuneration | - | - | - | (1,422,035) | (1,422,035) | - | (1,422,035) |
| At 31 December 2015 | 324,261 | 3,125,211 | (19,747) | 1,795,865 | 5,225,590 | 364,046 | 5,589,636 |

| LLP | Members' capital £ | Accumulated profits £ | Total £ |
|----------------------------|-----------------------|--------------------------|----------------|
| At 9 July 2013 | 324,261 | - | 324,261 |
| Net profit for the period | - | 384,806 | 384,806 |
| Members' remuneration | - | (384,806) | (384,806) |
| At 31 December 2014 | 324,261 | - | 324,261 |
| Net profit for the year | - | 1,422,035 | 1,422,035 |
| Members' remuneration | - | (1,422,035) | (1,422,035) |
| At 31 December 2015 | 324,261 | - | 324,261 |

The notes on pages 8 to 16 form an integral part of these financial statements.

CROSSLANE PARTNERS LLP

Statements of cash flows Year ended 31 December 2015

| | Note | Group 2015 £ | Group 2014 £ | LLP 2015 £ | LLP 2014 £ |
|---|------|---------------------------|--------------------|---------------------------|------------------|
| CASH FLOWS USED IN OPERATING ACTIVITIES | | | | | |
| Profit before tax | | 2,117,489 | 1,365,620 | 1,422,035 | 384,806 |
| Adjustments to reconcile profit before tax to net cash flows: | | | | | |
| Foreign currency translation | | (19,747) | - | - | - |
| Amortisation of Placing Agent fees receivables | 12 | 250,312 | 744,697 | - | - |
| Net finance costs | | 15,418 | 18,622 | 1,630 | 1,982 |
| Working capital adjustments: | | | | | |
| Increase in accruals | 16 | 1,180,810 | 570,068 | 309,870 | 5,870 |
| (Decrease) / increase in other payables | 16 | (9,290) | 484,243 | 5,999 | 1,640 |
| Increase in receivables | 13 | (1,407,403) | (2,229,703) | (315,059) | (3,637) |
| | | 2,127,589 | 953,547 | 1,424,475 | 390,661 |
| Interest received | | 5,705 | 1,386 | - | - |
| Interest paid | | (21,123) | (15,103) | (1,630) | (1,982) |
| Tax paid | | (141,328) | (149,573) | - | - |
| Net cash from in operating activities | | <u>1,970,843</u> | <u>790,257</u> | <u>1,422,845</u> | <u>388,679</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Payment for purchase of investments | 11 | (22,114) | - | - | (324,261) |
| Proceeds received from investments | 11 | 23,273 | - | - | - |
| Acquisition of subsidiaries, net of cash acquired | | - | (14,313) | - | - |
| Net cash used in investing activities | | <u>1,159</u> | <u>(14,313)</u> | <u>-</u> | <u>(324,261)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Proceeds from partners' capital and loan contributions | 18 | - | - | - | 324,261 |
| Members' remuneration paid under LLP agreement | | (1,422,035) | (384,806) | (1,422,035) | (384,806) |
| Net cash outflow from financing activities | | <u>(1,422,035)</u> | <u>(384,806)</u> | <u>(1,422,035)</u> | <u>(60,545)</u> |
| Net increase in cash and cash equivalents | | 549,967 | 391,138 | 810 | 3,873 |
| Cash and cash equivalents: | | | | | |
| At beginning of the period | | 391,138 | - | 3,873 | - |
| At end of the period | 14 | <u>941,105</u> | <u>391,138</u> | <u>4,683</u> | <u>3,873</u> |

The notes on pages 8 to 16 form an integral part of these financial statements.

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements For the year ended 31 December 2015

1. Incorporation and principal activities

Country of incorporation

Crosslane Partners LLP was incorporated in the United Kingdom on 9 July 2013 as a limited liability partnership under the Limited Liability Partnerships Act 2000. Its registered office is Smithfield House, 92 North Street, Leeds LS2 7PN, United Kingdom.

Principal activities

The principal activity of the Group is the provision of investment management services to Abris CEE Mid-Market Fund II LP, Abris CEE Mid-Market Fund II-A LP, and China-CEE Management S.a.r.l., along with investment in Edgeborough Partners LP, a limited partner in Abris CEE Mid-Market Fund LP. The Partnership's activities commenced on 21 November 2013 following the acquisition of its subsidiaries through contribution from its members.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of preparation

The Members have agreed that the Partnership's accounts will be prepared in accordance with IFRS to simplify the preparation of the consolidated accounts due to all of its subsidiaries being prepared under IFRS. The financial statements are therefore prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRSs).

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Crosslane Partners LLP and its subsidiaries Abris Capital Partners Limited, Burnwater Limited, Abris Group Holdings Limited and CEE Equity Partners Limited. The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full on consolidation.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the parent obtains control, and continue to be consolidated until the date that such control ceases.

Adoption of new and revised IFRSs

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2015. The adoption of these Standards did not have a material effect on the separate financial statements.

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published and adopted by the Group from 1 January 2015 and others that are not yet effective for the current reporting period and which the Partnership has not early adopted, as follows:

(i) Issued by the IASB and adopted for the first time by the Partnership with effect from 1 January 2015

- IAS 19 Defined Benefit Plans: Employee Contributions (Amendments) (effective for annual periods beginning on or after 1 July 2014)
- Annual Improvements to IFRSs 2010–2013 Cycle (effective for annual periods beginning on or after 1 July 2014)
- Annual Improvements to IFRSs 2011–2014 Cycle (effective for annual periods beginning on or after 1 July 2014)

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

2. Accounting policies (continued)

Adoption of new and revised IFRSs (continued)

(ii) Issued by the IASB but not yet adopted

- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)
- IAS 1 Disclosure Initiative - Amendments to IAS1 (effective for annual periods beginning on or after 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2017)
- IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28 (effective for annual periods beginning on or after 1 January 2016)
- IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Amendments to IFRS 10 and IAS 28 (effective for annual periods beginning on or after 1 January 2016)
- IAS 27 - Equity Method in Separate Financial Statements - Amendments to IAS 27 (effective for annual periods beginning on or after 1 January 2016)
- IFRS 11 Accounting for Acquisition of Interest in Joint Operations -Amendments to IFRS 11(effective for annual periods beginning on or after 1 January 2016)
- IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (effective for annual periods beginning on or after 1 January 2016)
- Improvements 2014 – Annual Improvements to IFRSs: 2012 to 2014 Cycle (effective from 1 January 2016)

The above are expected to have no significant impact on the Group's financial statements when they become effective.

Revenue recognition

Revenue comprises the invoiced amount for the provision of investment advisory services net of rebates and discounts. Revenues earned by the Group are recognised on the following basis:

- **Rendering of services**
Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Debtors and allowance for bad debts

Bad debts are written off to the group statement of comprehensive income and a specific allowance is made, where it is considered necessary. No general allowance for bad debts is made. Trade debtors are stated after deducting the specific allowance for bad and doubtful debts, if any.

Employee benefits

The Group's subsidiaries and its employees contribute to local Government Social Insurance Funds based on employees' salaries. The Group's contributions are expensed as incurred and are included in staff costs. The Group has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current period.

Finance income

Finance income includes interest income which is recognised on an accruals basis.

Finance costs

Interest expense and other borrowing costs are charged to the group statement of comprehensive income using the effective interest rate.

Expenses

Expenses are recognised in the group statement of comprehensive income on an accruals basis.

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

2. Accounting policies (continued)

Foreign currency translation

(1) Functional and presentation currency

Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in GBP (£), which is the Group's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(3) Translation of foreign operations

The assets and liabilities of foreign operations with different functional currencies to the Group are translated into the presentation currency at the rate of exchange ruling at the reporting date. Income and expenses are translated at the weighted average exchange rates for the period. The resulting exchange differences are recognised in other comprehensive income. On disposal of the foreign operation, the deferred cumulative amount recognised in equity relating to the particular foreign operation is recognised as income.

Investments

The Partnership holds investments in its subsidiaries at cost. Investments include equity investments held as available for sale ("AFS"). Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss in finance costs.

Tax

The Group's Cypriot subsidiaries are subject to income tax at the standard rate of 12.5% and its Jersey subsidiaries are not subject to taxation.

Deferred income

Deferred income represents income receipts which relate to future years and is recognised on an accruals basis.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

3. Financial risk factors

The Group is exposed to interest rate risk, credit risk, liquidity risk, currency risk, compliance risk, litigation risk, reputation risk and capital management risk arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

(3.1) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

(3.2) Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has policies in place to ensure that sales and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Group has policies to limit the amount of credit exposure to any financial institution. The maximum exposure to credit risk for the Group is £7,883,887 (2014: £2,984,356).

(3.3) Liquidity risk

Liquidity risk is the risk that the Group cannot meet its liabilities as they fall due. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the objective of minimising such losses such as maintaining sufficient cash and other highly liquid current assets. As the Group has only short term operational liabilities no maturity analysis has been presented in these financial statements.

(3.4) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group functional currency. The Group is exposed to foreign exchange risk arising primarily with respect to the Euro and the US Dollar. As at 31 December 2015 the consolidated financial statements used foreign currency exchange rates of €1.3566 (2014: €1.2778) and US\$1.482 (2014: US\$1.553). The following table demonstrates the sensitivity to a reasonable possible change in Euro or US Dollar exchange rates, with the impact on the Group's profit before tax and pre-tax equity being the changes in the fair value of monetary assets.

| | Change in EUR rate | Effect on profit before tax £ | Effect on pre- tax equity £ |
|------|-----------------------|-------------------------------------|-----------------------------------|
| 2015 | +10% | (34,869) | (34,869) |
| 2015 | -10% | 34,869 | 34,869 |
| 2014 | +10% | (28,860) | (28,860) |
| 2014 | -10% | 28,860 | 28,860 |

| | Change in USD rate | Effect on profit before tax £ | Effect on pre- tax equity £ |
|------|-----------------------|-------------------------------------|-----------------------------------|
| 2015 | +10% | (80,102) | (80,102) |
| 2015 | -10% | 80,102 | 80,102 |
| 2014 | +10% | (110,182) | (110,182) |
| 2014 | -10% | 110,182 | 110,182 |

(3.5) Compliance risk

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the states in which the Group operates. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, as well as by the monitoring controls applied by the Group.

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

3. Financial risk factors (continued)

(3.6) Capital management risk

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

Fair value estimation

The carrying amounts and fair values of certain financial assets and liabilities are as follows:

| | Group Carrying amounts 2015 £ | Group Fair value 2015 £ | LLP Carrying amounts 2015 £ | LLP Fair value 2015 £ |
|--|---|----------------------------------|--------------------------------------|--------------------------------|
| Financial assets | | | | |
| Cash | 941,106 | 941,106 | 4,683 | 4,683 |
| Investments held as available for sale | 3,237,255 | 3,237,255 | - | - |
| | 4,178,361 | 4,178,361 | 4,683 | 4,683 |

The Group assessed that cash deposits, short term trade and other receivables as well as trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

As at 31 December 2015 there were no significant estimates or judgements in the financial statements.

5. Members' remuneration charged as an expense

| | Group 2015 £ | Group 2014 £ | LLP 2015 £ | LLP 2014 £ |
|---|--------------------|--------------------|------------------|------------------|
| Amounts paid as fee income in respect of GS Units | 1,422,035 | 384,806 | 1,422,035 | 384,806 |

6. Revenue

| | Group 2015 £ | Group 2014 £ | LLP 2015 £ | LLP 2014 £ |
|-----------------------|--------------------|--------------------|------------------|------------------|
| Rendering of services | 10,979,398 | 8,114,477 | 747,747 | 420,400 |
| Dividends received | - | - | 726,269 | - |
| | 10,979,398 | 8,114,477 | 1,474,016 | 420,400 |

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

7. Operating profit

Operating profit is stated after charging the following items:

| | Group 2015 £ | Group 2014 £ | LLP 2015 £ | LLP 2014 £ |
|---|-----------------------------|-----------------------------|---------------------------|---------------------------|
| Staff costs including directors in their executive capacity | 39,283 | 32,558 | - | - |
| Auditors remuneration including subsidiaries | 28,899 | 27,095 | 12,000 | - |
| Legal and professional costs | 2,345,111 | 2,018,125 | 12,726 | 13,197 |
| Placing agent fees | 345,665 | 744,697 | - | - |
| Investment advisory fees | 5,397,072 | 3,698,651 | - | - |

8. Staff costs

| | Group 2015 £ | Group 2014 £ | LLP 2015 £ | LLP 2014 £ |
|--------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|
| Wages and salaries | 7,881 | 5,798 | - | - |
| Directors' fees | 31,402 | 26,760 | - | - |
| | 39,283 | 32,558 | - | - |

9. Net finance expense

| | Group 2015 £ | Group 2014 £ | LLP 2015 £ | LLP 2014 £ |
|-----------------------------------|-----------------------------|-----------------------------|---------------------------|---------------------------|
| Interest income | 5,705 | 1,386 | - | - |
| Bank charges and interest expense | (21,123) | (15,103) | (1,732) | (1,982) |
| Exchange differences | 39,059 | (4,905) | 102 | - |
| | 23,641 | (18,622) | (1,630) | (1,982) |

10. Tax

The Group has an income tax liability arising in its Cypriot jurisdiction where the Group's subsidiaries are tax resident, because of taxable profits arising in 2015. At 31 December 2015, Abris Group Holdings Limited had taxable losses after non-deductible costs of £7,524 (2014: Profit of £13,581) resulting in a tax charge for the year of Nil (2014: £1,697), Burnwater Limited had taxable losses after non-deductible costs of £18,175 (2014: £5,245) resulting in a tax charge for the year of Nil (£2014: Nil) and CEE Equity Partners Limited had taxable profits after non-deductible costs of £1,102,556 (2014: £676,602) resulting in a tax charge for the year of £141,328 (2014: £84,576). At 31 December 2015, the Group had tax losses carried forward of Nil.

11. Investments

The Group has interests in five companies held indirectly via its subsidiaries as detailed below. The Partnership has four direct subsidiary companies which were transferred into the Partnership as part of the initial contributions agreed with the members in return for the relevant class of units (note 18).

Investments in subsidiaries

| | LLP £ |
|---------------------|------------------|
| At 31 December 2014 | 324,261 |
| Additions | 66,342 |
| At 31 December 2015 | 390,603 |

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

11. Investments in subsidiaries (continued)

Group investments

The Groups' subsidiaries CEE Equity Partners Limited, Burnwater Limited and Abris CEE Mid-Market Fund II GP Ltd hold investments at net realisable value – the movement for the year is detailed below:

| | At fair value £ | At cost £ | Total £ |
|---------------------------------------|--------------------|--------------|------------------|
| At 31 December 2014 | 97,491 | 2,416 | 99,907 |
| Additions | 22,114 | - | 22,114 |
| Net gain on available for sale assets | 3,142,683 | - | 3,142,683 |
| Net loss on available for sale assets | (17,472) | - | (17,472) |
| Distributions received | (23,273) | - | (23,273) |
| Foreign currency revaluation | 13,031 | 265 | 13,296 |
| At 31 December 2015 | 3,234,574 | 2,681 | 3,237,255 |

The details of the investments are as follows:

LLP

| Name | Country of incorporation | Principal activities | Holding % |
|--------------------------------|-----------------------------|--|--------------|
| Abris Capital Partners Limited | Jersey | Provision of investment management services to Abris CEE Mid-Market Fund II LP and Abris CEE Mid-Market Fund II-A LP | 100.00 |
| Abris Group Holdings Limited | Cyprus | The granting of licences for the use of trademarks | 100.00 |
| Burnwater Limited | Cyprus | Investment holding company | 100.00 |
| CEE Equity Partners Limited | Cyprus | Provision of investment advisory fees to China-CEE Management S.a.r.l. | 75.00 |

Group

| Name | Country of incorporation | Principal activities | Holding % |
|---|-----------------------------|---|--------------|
| Allaway Limited | Cyprus | Dormant company for use of holding investments | 75.00 |
| CEE Executive Team (GP) Ltd | Jersey | General Partner to CEE Executive Team LP | 75.00 |
| Fastpast Limited | Cyprus | Dormant company for use of holding investments | 75.00 |
| Severika Limited | Cyprus | Dormant company for use of holding investments | 75.00 |
| Abris CEE Mid-Market Fund II GP Limited | Jersey | General Partner of the general partner and co-investor in Abris CEE Mid-Market Fund II LP and Abris CEE Mid-Market Fund II-A LP | 100.00 |

The Group subsidiary Abris CEE Mid-Market Fund II GP Limited had €30,000 PPS Capital Commitment transferred to it from Jerzy Swirski in the amended and restated limited partnership agreement of Abris CEE Mid-Market Fund II GP LP dated 24 June 2015 for a consideration of £22,114. This entitles Abris CEE Mid-Market Fund II GP Limited to 39.433% priority profit share in Abris CEE Mid-Market Fund II GP LP and this was deemed to have a fair value as at 31 December 2015 of £3,164,797 using the International Private Equity and Venture Capital Valuation Guidelines.

12. Non-current financial assets

| | Group £ |
|--|------------|
| Placing agent fees at 31 December 2014 | 263,608 |
| Amortised during the year | (250,302) |
| Foreign currency translation | (13,306) |
| At 31 December 2015 | - |

The Group's subsidiary Abris Capital Partners Limited has entered into agreements with two separate service providers for the provision of distribution and marketing services for Abris CEE Mid-Market Fund II LP. The placing agent fees due to these parties in respect of these services are being amortised on a straight line basis over 3 years. The amortised balance was reduced to Nil in 2015.

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

13. Trade and other receivables

| | Group 2015 | Group 2014 | LLP 2015 | LLP 2014 |
|-------------------------------------|-------------------------|-----------------------|-----------------------|---------------------|
| | £ | £ | £ | £ |
| Loans to related entities (note 17) | 1,857,176 | 909,904 | - | - |
| Trade receivables | 369 | 477,942 | - | - |
| Other receivables | 575,115 | 365,461 | 11,413 | - |
| Prepayments and accrued income | 1,204,446 | 476,395 | 307,283 | 3,637 |
| | <u>3,637,106</u> | <u>2,229,702</u> | <u>318,696</u> | <u>3,637</u> |

14. Cash and cash equivalents

For the purposes of the cash flow statements, the cash and cash equivalents include the following:

| | Group 2015 | Group 2014 | LLP 2015 | LLP 2014 |
|--------------------------|-----------------------|-----------------------|---------------------|---------------------|
| | £ | £ | £ | £ |
| Cash at bank and in hand | <u>941,105</u> | <u>391,138</u> | <u>4,683</u> | <u>3,873</u> |
| | <u>941,105</u> | <u>391,138</u> | <u>4,683</u> | <u>3,873</u> |

15. Available for sale reserve

Available for sale reserves relates to the revaluation of the Group's 39.433 % PPS Capital Commitment in Abris CEE Mid-Market Fund II GP LP held via its subsidiary Abris CEE Mid-Market Fund II GP Limited, and the 7.893% interest in Edgeborough Partners LP via the subsidiary Burnwater Limited. The Group became entitled in the PPS Capital Commitment in Abris CEE Mid-Market Fund II GP LP following the transfer from Jerzy Swirski in June 2015. As at 31 December 2015 this entitlement was valued at £3,164,797 (note 11).

| | Total £ |
|--|-------------------------|
| At 1 January 2015 | - |
| Gain on revaluation of available for sale assets | 3,142,683 |
| Loss on revaluation of available for sale assets | (17,472) |
| At 31 December 2015 | <u>3,125,211</u> |

16. Trade and other payables

| | Group 2015 | Group 2014 | LLP 2015 | LLP 2014 |
|----------------------|-------------------------|-----------------------|-----------------------|---------------------|
| | £ | £ | £ | £ |
| Placing fees payable | - | 335,466 | - | - |
| Other creditors | 336,111 | 6,093 | 66,342 | - |
| Trade payables | 138,841 | 142,684 | 7,639 | 1,640 |
| Accruals | 1,750,878 | 570,068 | 315,740 | 5,870 |
| | <u>2,225,830</u> | <u>1,054,311</u> | <u>389,721</u> | <u>7,510</u> |

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

CROSSLANE PARTNERS LLP

Notes to the consolidated financial statements (continued) For the year ended 31 December 2015

17. Related party transactions

The following transactions were carried out with related parties:

During the year the Group subsidiary Abris Group Holdings Limited received licencing fees of £921 (2014: £30,322) from the related entity Abris Capital Partners (Fund I) Limited – £369 of fees were outstanding at the year end (2014: £193,700).

During the year the Group subsidiary Abris Capital Partners Limited paid investment advisory services fees of £4,623,111 (2014: £2,973,861) to Abris CEE-Holdings Limited with £818,636 outstanding as at the year end (2014: £2,934,732 paid in advance). Abris-CEE Holdings Limited parent company is the related entity Abris Capital Partners (Fund I) Limited.

During the year the Partnership received investment advisory fees totalling £747,747 (2014: £420,400) from Abris CEE-Holdings Limited with £307,283 of fees outstanding at the year end (2014: £Nil). Abris-CEE Holdings Limited parent company is the related entity Abris Capital Partners (Fund I) Limited.

The Group's subsidiary CEE Equity Partners Limited made loans totalling £947,272 during the period (2014: £909,904) to the related party CEE Executive Team LP, bringing the total debt to £1,857,176 as at 31 December 2015 (2014: £909,904). These loans accrue no interest and have no fixed repayment date.

On 30 July 2015 CEE Equity Partners Limited issued 90,000 shares of nominal value €1 each to the Partnership, this share capital remained unpaid as at the year end.

18. Members capital

The Members have different interests and entitlements in respect of the different business divisions in the Group and in order to give effect to this, a separate class of units is created for each business division, and the profits and losses of each business division shall be apportioned to the relevant Class. Subject to clause 4.4 of the LPA, the units of each class represent the interest of members to share in the profits of the relevant business division that are related to such class.

| | A Units | C Units | D Units | GS Units | U Units |
|-------------------------------|----------------|---------------|----------------|----------|----------|
| Burnwater Limited | - | - | - | - | 1 |
| Jerzy Zygmunt Swirski | - | - | - | 1 | - |
| GS Investments SLP | 399.5 | 333.3 | 313.3 | - | - |
| Gierynski Investments Limited | 141.0 | 333.3 | 313.3 | - | - |
| Lissington Limited | 399.5 | 333.3 | 313.3 | - | - |
| SJR Holdings Limited | 60.0 | - | 60.0 | - | - |
| | <u>1,000.0</u> | <u>1000.0</u> | <u>1,000.0</u> | <u>1</u> | <u>1</u> |

Contributed capital

| | |
|-------------------------------|-----------------------|
| | £ |
| As at 31 December 2014 | 324,261 |
| Additions during the period | - |
| As at 31 December 2015 | <u>324,261</u> |

19. Ultimate controlling party

The Group is considered to have no ultimate controlling party.

20. Post balance sheet events

On 19 February 2016 the Partnership become the ultimate parent of Abris Capital Partners (Fund I) Limited after transfers between Lissington Limited, GS Investments SLP and the Partnership in exchange for 500 B Units each, and between the Partnership and Abris Private Equity Limited.

There were no other events after the reporting period which have a bearing on the understanding of the financial statements.