

Registre de Commerce et des Sociétés

Numéro RCS : B158360

Référence de dépôt : L160177280

Déposé et enregistré le 19/09/2016

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RCSL Nr. : B158360

Matricule : 2011 2200 674

eCDF entry date : 19/09/2016

BALANCE SHEET**Financial year from** ⁰¹ 01/01/2015 **to** ⁰² 31/12/2015 (in ⁰³ EUR)

PIONEER HOLDING S.A.

15, boulevard Roosevelt

L-2450 Luxembourg

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101 _____	101 <u>142.600.000,00</u>	102 <u>142.600.000,00</u>
I. Subscribed capital not called	1103 _____	103 _____	104 _____
II. Subscribed capital called but unpaid	1105 _____	105 <u>142.600.000,00</u>	106 <u>142.600.000,00</u>
B. Formation expenses	1107 _____	107 _____	108 _____
C. Fixed assets	1109 _____	109 <u>2.005.040.589,04</u>	110 <u>2.207.696.671,09</u>
I. Intangible fixed assets	1111 _____	111 _____	112 _____
1. Research and development costs	1113 _____	113 _____	114 _____
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115 _____	115 _____	116 _____
a) acquired for valuable consideration and need not be shown under C.I.3	1117 _____	117 _____	118 _____
b) created by the undertaking itself	1119 _____	119 _____	120 _____
3. Goodwill, to the extent that it was acquired for valuable consideration	1121 _____	121 _____	122 _____
4. Payments on account and intangible fixed assets under development	1123 _____	123 _____	124 _____
II. Tangible fixed assets	1125 _____	125 _____	126 _____
1. Land and buildings	1127 _____	127 _____	128 _____
2. Plant and machinery	1129 _____	129 _____	130 _____

The notes in the annex form an integral part of the annual accounts

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	131	132
4. Payments on account and tangible fixed assets under development	1133	133	134
III. Financial fixed assets	1135	2.005.040.589,04	2.207.696.671,09
1. Shares in affiliated undertakings	1137	1.850.031.000,00	2.052.687.082,05
2. Amounts owed by affiliated undertakings	1139	139	140
3. Shares in undertakings with which the undertaking is linked by virtue of participating interests	1141	141	142
4. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1143	143	144
5. Securities and other financial instruments held as fixed assets	1145	155.009.589,04	155.009.589,04
6. Loans and claims held as fixed assets	1147	147	148
7. Own shares or own corporate units	1149	149	150
D. Current assets	1151	98.228.643,53	529.725.657,64
I. Inventories	1153	153	154
1. Raw materials and consumables	1155	155	156
2. Work and contracts in progress	1157	157	158
3. Finished goods and merchandise	1159	159	160
4. Payments on account	1161	161	162
II. Debtors	1163	69.504.590,98	439.720.661,89
1. Trade receivables	1165	165	166
a) becoming due and payable within one year	1167	167	168
b) becoming due and payable after more than one year	1169	169	170
2. Amounts owed by affiliated undertakings	1171	100,00	439.720.661,89
a) becoming due and payable within one year	1173	100,00	26.568.761,77
b) becoming due and payable after more than one year	1175	175	413.151.900,12
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	177	178
a) becoming due and payable within one year	1179	179	180
b) becoming due and payable after more than one year	1181	181	182

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	Reference(s)	Current year	Previous year
4. Other receivables	1183 _____	183 <u>69.504.490,98</u>	184 _____
a) becoming due and payable within one year	1185 _____	185 <u>69.504.490,98</u>	186 _____
b) becoming due and payable after more than one year	1187 _____	187 _____	188 _____
III. Transferable securities and other financial instruments	1189 _____	189 _____	190 _____
1. Shares in affiliated undertakings and in undertakings with which the undertaking is linked by virtue of participating interests	1191 _____	191 _____	192 _____
2. Own shares or own corporate units	1193 _____	193 _____	194 _____
3. Other transferable securities and other financial instruments	1195 _____	195 _____	196 _____
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand	1197 _____	197 <u>28.724.052,55</u>	198 <u>90.004.995,75</u>
E. Prepayments	1199 _____	199 <u>493,15</u>	200 <u>717,12</u>
TOTAL (ASSETS)		201 <u>2.245.869.725,72</u>	202 <u>2.880.023.045,85</u>

LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves			
	1301	301 <u>2.054.618.476,75</u>	302 <u>1.946.657.926,17</u>
I. Subscribed capital	1303	303 <u>1.850.031.000,00</u>	304 <u>1.850.031.000,00</u>
II. Share premium and similar premiums	1305	305	306
III. Revaluation reserves	1307	307	308
IV. Reserves	1309	309 <u>4.831.346,31</u>	310 <u>285.044,89</u>
1. Legal reserve	1311	311 <u>4.831.346,31</u>	312 <u>285.044,89</u>
2. Reserve for own shares or own corporate units	1313	313	314
3. Reserves provided for by the articles of association	1315	315	316
4. Other reserves	1317	317	318
V. Profit or loss brought forward	1319	319 <u>91.795.579,86</u>	320 <u>5.415.852,95</u>
VI. Profit or loss for the financial year	1321	321 <u>107.960.550,58</u>	322 <u>90.926.028,33</u>
VII. Interim dividends	1323	323	324
VIII. Capital investment subsidies	1325	325	326
IX. Temporarily not taxable capital gains	1327	327	328
B. Subordinated debts	1329	329	330
1. Convertible loans	1413	413	414
a) becoming due and payable within one year	1415	415	416
b) becoming due and payable after more than one year	1417	417	418
2. Non convertible loans	1419	419	420
a) becoming due and payable within one year	1421	421	422
b) becoming due and payable after more than one year	1423	423	424
C. Provisions	1331	331 <u>690,00</u>	332 <u>690,00</u>
1. Provisions for pensions and similar obligations	1333	333	334
2. Provisions for taxation	1335	335	336
3. Other provisions	1337	337 <u>690,00</u>	338 <u>690,00</u>
D. Non subordinated debts	1339	339 <u>191.250.558,97</u>	340 <u>933.364.429,68</u>
1. Debenture loans	1341	341	342
a) Convertible loans	1343	343	344
i) becoming due and payable within one year	1345	345	346
ii) becoming due and payable after more than one year	1347	347	348

	Reference(s)	Current year	Previous year
b) Non convertible loans	1349	349	350
i) becoming due and payable within one year	1351	351	352
ii) becoming due and payable after more than one year	1353	353	354
2. Amounts owed to credit institutions	1355	355 <u>13,61</u>	356
a) becoming due and payable within one year	1357	357 <u>13,61</u>	358
b) becoming due and payable after more than one year	1359	359	360
3. Payments received on account of orders as far as they are not deducted distinctly from inventories	1361	361	362
a) becoming due and payable within one year	1363	363	364
b) becoming due and payable after more than one year	1365	365	366
4. Trade creditors	1367	367 <u>211.119,61</u>	368 <u>95.429,68</u>
a) becoming due and payable within one year	1369	369 <u>211.119,61</u>	370 <u>95.429,68</u>
b) becoming due and payable after more than one year	1371	371	372
5. Bills of exchange payable	1373	373	374
a) becoming due and payable within one year	1375	375	376
b) becoming due and payable after more than one year	1377	377	378
6. Amounts owed to affiliated undertakings	1379	379 <u>873.570,92</u>	380 <u>37.727.167,07</u>
a) becoming due and payable within one year	1381	381 <u>873.570,92</u>	382 <u>37.727.167,07</u>
b) becoming due and payable after more than one year	1383	383	384
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385	386
a) becoming due and payable within one year	1387	387	388
b) becoming due and payable after more than one year	1389	389	390
8. Tax and social security debts	1391	391 <u>71,80</u>	392 <u>71,80</u>
a) Tax debts	1393	393 <u>71,80</u>	394 <u>71,80</u>
b) Social security debts	1395	395	396

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	Reference(s)	Current year	Previous year
9. Other creditors	1397 _____	397 <u>190.165.783,03</u>	398 <u>895.541.761,13</u>
a) becoming due and payable within one year	1399 _____	399 <u>47.565.783,03</u>	400 <u>752.941.761,13</u>
b) becoming due and payable after more than one year	1401 _____	401 <u>142.600.000,00</u>	402 <u>142.600.000,00</u>
E. Deferred income	1403 _____	403 _____	404 _____
		405 <u>2.245.869.725,72</u>	406 <u>2.880.023.045,85</u>
	TOTAL (LIABILITIES)		

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PROFIT AND LOSS ACCOUNT

Financial year from ⁰¹ 01/01/2015 to ⁰² 31/12/2015 (in ⁰³ EUR)

PIONEER HOLDING S.A.

15, boulevard Roosevelt

L-2450 Luxembourg

A. CHARGES

	Reference(s)	Current year	Previous year
1. Use of merchandise, raw materials and consumable materials	1601 _____	601 _____	602 _____
2. Other external charges	1603 _____	603 <u>606.274,38</u>	604 <u>186.719,19</u>
3. Staff costs	1605 _____	605 _____	606 _____
a) Salaries and wages	1607 _____	607 _____	608 _____
b) Social security on salaries and wages	1609 _____	609 _____	610 _____
c) Supplementary pension costs	1611 _____	611 _____	612 _____
d) Other social costs	1613 _____	613 _____	614 _____
4. Value adjustments	1615 _____	615 _____	616 _____
a) on formation expenses and on tangible and intangible fixed assets	1617 _____	617 _____	618 _____
b) on current assets	1619 _____	619 _____	620 _____
5. Other operating charges	1621 _____	621 <u>580,00</u>	622 <u>580,00</u>
6. Value adjustments and fair value adjustments on financial fixed assets	1623 _____	623 _____	624 _____
7. Value adjustments and fair value adjustments on financial current assets. Loss on disposal of transferable securities	1625 _____	625 <u>7.877.816,68</u>	626 _____
8. Interest and other financial charges	1627 _____	627 <u>53.922.440,01</u>	628 <u>32.023.352,95</u>
a) concerning affiliated undertakings	1629 _____	629 <u>224.369,25</u>	630 <u>414.009,87</u>
b) other interest and similar financial charges	1631 _____	631 <u>53.698.070,76</u>	632 <u>31.609.343,08</u>

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	Reference(s)	Current year	Previous year
9. Share of losses of undertakings accounted for under the equity method	1649 _____	649 _____	650 _____
10. Extraordinary charges	1633 _____	633 _____	634 <u>9,80</u>
11. Income tax	1635 _____	635 _____	636 <u>-3.150,00</u>
12. Other taxes not included in the previous caption	1637 _____	637 _____	638 _____
13. Profit for the financial year	1639 _____	639 <u>107.960.550,58</u>	640 <u>90.926.028,33</u>
TOTAL CHARGES		641 <u>170.367.661,65</u>	642 <u>123.133.540,27</u>

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B. INCOME

	Reference(s)	Current year	Previous year
1. Net turnover	1701 _____	701 _____	702 _____
2. Change in inventories of finished goods and of work and contracts in progress	1703 _____	703 _____	704 _____
3. Fixed assets under development	1705 _____	705 _____	706 _____
4. Reversal of value adjustments	1707 _____	707 _____	708 _____
a) on formation expenses and on tangible and intangible fixed assets	1709 _____	709 _____	710 _____
b) on current assets	1711 _____	711 _____	712 _____
5. Other operating income	1713 _____	713 <u>230,00</u>	714 _____
6. Income from financial fixed assets	1715 _____	715 <u>117.937.500,00</u>	716 <u>95.009.589,04</u>
a) derived from affiliated undertakings	1717 _____	717 <u>108.000.000,00</u>	718 <u>90.000.000,00</u>
b) other income from participating interests	1719 _____	719 <u>9.937.500,00</u>	720 <u>5.009.589,04</u>
7. Income from financial current assets	1721 _____	721 <u>16.156.682,76</u>	722 <u>14.741.836,55</u>
a) derived from affiliated undertakings	1723 _____	723 <u>16.156.682,76</u>	724 <u>14.741.836,55</u>
b) other income from financial current assets	1725 _____	725 _____	726 _____
8. Other interest and other financial income	1727 _____	727 <u>36.273.248,89</u>	728 <u>13.382.076,98</u>
a) derived from affiliated undertakings	1729 _____	729 _____	730 _____
b) other interest and similar financial income	1731 _____	731 <u>36.273.248,89</u>	732 <u>13.382.076,98</u>
9. Share of profits of undertakings accounted for under the equity method	1745 _____	745 _____	746 _____
10. Extraordinary income	1733 _____	733 _____	734 <u>37,70</u>
13. Loss for the financial year	1735 _____	735 <u>0,00</u>	736 <u>0,00</u>
TOTAL INCOME		737 <u>170.367.661,65</u>	738 <u>123.133.540,27</u>

PIONEER HOLDING S.A.**Notes to the separate financial statements**

As of 31 December 2015

Note 1 - General information

Pioneer Holding S.A. (hereafter the "Company") is a public limited company ("Société Anonyme") under Luxembourg Law, incorporated in Luxembourg on 19 January 2011 for an unlimited period of time under the name Pioneer Capital S.A..

On 23 May 2012, the shareholders decided to change the name of the Company to Pioneer Holding S.A..

The registered office of the Company is established at 15, boulevard Roosevelt, L-2450 Luxembourg, and the Company is registered in the Luxembourg Trade and Companies Register under the number B 158.360.

The Company's object is the acquisition of participations, in Luxembourg or abroad, in any company or enterprises in any form whatsoever and the management of those participations. The Company may in particular acquire, by subscription, purchase and exchange or in any other manner, any stock, shares and other participation securities, bonds, debentures, certificates of deposit and other debt instruments and, more generally, any securities and financial instruments issued by any public or private entity. It may participate in the creation, development, management and control of any company or enterprise. It may further invest in the acquisition and management of a portfolio of patents or other intellectual property rights of any nature or origin.

The Company may borrow in any form. It may issue notes, bonds and any kind of debt and equity securities. The Company may lend funds including, without limitation, the proceeds of any borrowings, to its subsidiaries, affiliated companies and any other companies. The Company may also give guarantees and pledge, transfer, encumber or otherwise create and grant security over all or some of its assets to guarantee its own obligations and those of any other company, and, generally, for its own benefit and that of any other company or person. For the avoidance of doubt, the Company may not carry out any regulated activities of the financial sector without having obtained the required authorisation.

The Company may use any techniques and instruments to manage efficiently its investments and to protect itself against credit risks, currency exchange exposures, interest rate risks and other risks.

The Company may carry out any commercial, financial or industrial operation and any transaction with respect to real estate or movable property, which directly or indirectly, favours or relates to its corporate object.

The Company's financial year begins on 1 January and ends on 31 December of each year.

As of 31 December 2015, Pioneer Holding S.A. holds the following direct participation in affiliated companies:

- 100% of the share capital of Precision Capital S.A., a Luxembourg company incorporated on 14 November 2006. Precision Capital S.A. is the financial holding company for the banking business.

As of 31 December 2014, Pioneer Holding S.A. held the following two direct participations in affiliated companies:

- 49.99% of the share capital of Constellation Hotels Holding Ltd S.C.A., a Luxembourg company incorporated on 26 March 2012.
- Constellation Hotels Holding Ltd S.C.A. is the holding company for the hotel & real estate business. 100% of the share capital of Precision Capital S.A., a Luxembourg company incorporated on 14 November 2006.

Pioneer Holding S.A.

Notes to the separate financial statements (continued)

As of 31 December 2015

Note 2 - Statement of compliance

The separate financial statements presented in this report were approved by the Board of Directors of Pioneer Holding S.A. on 21 July 2016.

The separate financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The separate financial statements are prepared on a going concern basis. Moreover these separate financial statements have been prepared under the historical cost convention.

Consolidated accounts have also been prepared for the Company and its subsidiaries for the year ended 31 December 2015 in accordance with IFRS. These consolidated accounts are available at the registered address of the Company.

In preparing the separate financial statements under IFRS, the Board of Directors is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the separate financial statements.

The accounting policies adopted are consistent with those of the previous financial year. Although new amendments and standards have been issued and endorsed by the European Union, which are effective for annual periods on or after 1 January 2015 and applied for the first time in 2015, they did not have any impact on the separate financial statements of the Company.

IFRS standards and interpretations issued but not yet effective up to the date of issuance of the Company's separate financial statements and which are expected to be relevant for the Company at a future date are listed below. The Company intends to adopt these standards when they become effective and/or once endorsed by the European Union.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company plans to adopt the new standard on the required effective date as endorsed by the EU.

Pioneer Holding S.A.

Notes to the separate financial statements (continued)

As of 31 December 2015

Note 2 - Statement of compliance (continued)

(a) Classification and measurement

The Company does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9. Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Company expects that these will continue to be measured at amortised cost under IFRS 9.

However, the Company will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the Company to record expected credit losses on all of its loans and receivables, either on a 12-month or lifetime basis. The Company need to perform a detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting

The Company does not apply hedge accounting.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. 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;
- 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 of comprehensive income. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the separate financial statements of the Company.

Amendments to IAS 7 Statement of cash flows – Disclosure Initiative

The amendments of IAS 7 require that an entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. An entity shall apply those amendments for annual periods beginning on or after 1 January 2017. Earlier application is permitted.

Pioneer Holding S.A.

Notes to the separate financial statements (continued)

As of 31 December 2015

Note 2 - Statement of compliance (continued)

When the entity first applies those amendments, it is not required to provide comparative information for preceding periods. This amendment has not yet been endorsed by the EU.

Amendments to IAS 12 Income Taxes

The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses and how to account for deferred tax assets related to debt instruments measured at fair value. These amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted. These amendments are not expected to have any impact on separate financial statements the Company. This amendment has not yet been endorsed by the EU.

2012-2014 Annual improvements to IFRS

Several improvements to IFRS have been released by the IASB and will have limited or no impact on the separate financial statements of the Company.

There are no other standards, amendments to standards and interpretations that are not yet effective and that would be expected to have a significant effect on the separate financial statements of the Company.

Note 3 - Summary of significant accounting policies**3.1. Functional and presentation currency**

The Company's functional currency is the Euro ("EUR"), which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated and its liquidity is managed in EUR. Therefore, the EUR is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Company's presentation currency is also the EUR.

The Company maintains a multi-currency accounting system under which any transaction is registered in its original foreign currency.

- In preparing the separate financial statements, assets and liabilities in foreign currencies are translated into EUR according to the following principles:
 - monetary items denominated in foreign currencies are converted at the closing rates prevailing at the closing date; differences arising from such conversion are recorded in the statement of comprehensive income;
 - non-monetary items in foreign currencies which are measured at historical cost are translated into EUR using the historical exchange rates prevailing at the date of the transactions;
 - non-monetary items denominated in foreign currencies which are measured at fair value are translated using the spot exchange rates at the date when the fair value is determined and translation differences are reported together with changes in fair value.

Pioneer Holding S.A.**Notes to the separate financial statements (continued)**

As of 31 December 2015

Note 3 - Summary of significant accounting policies (continued)**3.1. Functional and presentation currency (continued)**

- Income and expense items denominated in foreign currencies are recognised in the statement of comprehensive income using exchange rates prevailing at the dates of the transactions (e.g. average monthly exchange rates).

3.2. Current versus non-current classification

The Company presents assets and liabilities in the separate statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in a normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is classified as current when:

- It is expected to be settled in a normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

3.3. Investment in subsidiaries

Subsidiaries are entities over which the Company has control. Subsidiaries acquired are initially recognised at cost being the fair value of the consideration given plus any directly attributable costs. Subsequently, investments in subsidiaries are accounted for at the lower of cost or net realisable value. At each reporting date, the Company examines the recoverability of investments in subsidiaries when there are indications of impairment.

Indications of impairment include such elements as decrease in income, profit or cash flows, significant adverse changes in economy, or in the political stability in a particular country that may indicate that the carrying value of an asset may not be recoverable. If the facts and circumstances indicate that the value of investments in subsidiaries may be impaired, then the calculated discounted future cash flows related to these investments is compared to their carrying value to determine if a write-off in the value of the investments is necessary. The resulting impairment losses are recognised in the statement of comprehensive income.

Pioneer Holding S.A.

Notes to the separate financial statements (continued)

As of 31 December 2015

Note 3 - Summary of significant accounting policies (continued)

3.4. Financial assets

(i) General principles of recognition and de-recognition of financial assets

A financial asset is recognised in the separate statement of financial position when and only when the Company becomes a party to the contractual provisions of the instrument.

A financial asset is derecognised when and only when the contractual rights to receive cash flows from the asset have expired or the Company transfers the financial asset.

The purchases and sales of financial assets are recognised on the payment date, which is the date on which the asset is delivered. Any variation in the fair value of the asset to be received during the period from the transaction date to the payment date is recognised in the same way as for the asset acquired. In other words, the change in value is not recognised for assets recognised at cost or at amortised cost; it is recognised in the statement of comprehensive income for assets classified as financial assets at fair value through profit or loss and in equity for those classified as available-for-sale.

In the case of sales, the assets at fair value are measured at their sale price during the period between the transaction date and the payment date.

(ii) Classification and measurement of financial assets

Financial assets in the scope of IAS 39 are classified based on their nature and their characteristics in one of the following four categories:

- *Held-to-maturity investments;*
- *Loans and receivables;*
- *Financial assets at fair value through profit or loss;*
- *Available-for-sale financial assets.*

The following category of financial assets is applicable to the Company:

- *Loans and receivables* are all non-derivative financial assets with fixed or determinable payments that are not quoted in an active market;

Financial assets are initially recognised at fair value or, in the case of a financial asset not at fair market value, at transaction costs that are directly attributable to the acquisition or issue of the financial asset and are then measured in accordance with the principles governing the IAS 39 category in which they are placed.

Loans and receivables are subsequently measured at amortised cost using the effective interest method.

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Notes to the separate financial statements (continued)

As of 31 December 2015

Note 3 - Summary of significant accounting policies (continued)

3.4. Financial assets (continued)

(iii) Determination of fair value

When available, published price quotations on active markets are used to determine the fair value of financial assets and liabilities. If such quotations are not available fair value can be obtained:

- by reference to recent "at arm's length" market transactions between knowledgeable, willing parties;
- by using a valuation technique (e.g. discounted cash flow analysis and option pricing models). The valuation technique must incorporate all factors that market participants would consider in setting a price and be consistent with accepted financial methodologies used for pricing financial instruments. Methodologies developed through valuation techniques make maximum use of relevant inputs observable on the market and rely as little as possible on unobservable inputs.

(iv) Impairment

Loans and receivables are also subject to impairment tests and impairment losses are recognised if evidence of impairment exists on the separate statement of financial position date.

Loans and receivables: The amount of the impairment loss is the excess of the carrying amount over the recoverable amount of the asset. The Company firstly evaluates if there is an impairment loss for each individually significant item or for each group of items not individually significant. If the Company considers that there is no evidence of an impairment loss for a given asset, individually significant or not, it includes it in a group of financial assets presenting the same credit risk characteristics and examines the possibility of an impairment loss on a collective basis. The assets evaluated individually and for which an impairment loss is recognised are not examined collectively.

3.5. Financial liabilities

(i) General principles of recognition and de-recognition of financial liabilities

A financial liability is recognised in the separate statement of financial position when and only when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when and only when the contractual liability is settled, cancelled or expired.

(ii) Classification and measurement of financial liabilities

Financial liabilities in the scope of IAS 39 are classified based on their characteristics in one of the following three categories:

- *Financial liabilities at fair value through profit or loss;*
- *Other financial liabilities;*

Pioneer Holding S.A.

Notes to the separate financial statements (continued)

As of 31 December 2015

Note 3 - Summary of significant accounting policies (continued)

3.5. Financial liabilities (continued)

- *Hedging derivatives.*

Financial liabilities are initially recognised at fair value or, in the case of a financial liability not at fair market value, at transaction costs that are directly attributable to the acquisition or issue of the financial liability and are then measured in accordance with the principles governing the IAS 39 category in which they are placed.

The following categories of financial liabilities are applicable to the Company:

- *Other financial liabilities* are all other financial instruments not at fair value through profit or loss. Other financial liabilities are measured at amortised cost. The difference between the amount made available and the nominal amount is recognised in the statement of comprehensive income *prorata temporis*, on an actuarial basis using the EIR method.

3.6. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the separate statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle such asset and liability on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.7. IFRS 13 Fair Value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is disclosed in the separate financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Pioneer Holding S.A.**Notes to the separate financial statements (continued)**

As of 31 December 2015

Note 3 - Summary of significant accounting policies (continued)**3.7. IFRS 13 Fair Value measurement (continued)**

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.8. Cash and cash equivalents

Cash and cash equivalents in the separate statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as "cash and cash equivalents".

For the purpose of the separate statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

3.9. Taxes

Pioneer Holding S.A. is officially registered in Luxembourg. Therefore, Pioneer Holding S.A. is a resident of Luxembourg under domestic law. However, the Company is also considered as a tax resident under the law of Qatar.

Based on Article 4 (3) of the Double Tax Treaty between the State of Qatar and the Grand Duchy of Luxembourg, when a conflict of residence arises between both Contracting States, the Company shall be deemed resident in the State in which its place of effective management is situated. As regards the interpretation of the Convention by a Contracting State, the Convention requires the application of the meaning that a term has under the law of that State (i.e. Luxembourg) for the purposes of the taxes to which the Convention applies. The place of effective management under Luxembourg law refers to the place where the central administration of the Company is situated, that is to say, the place where the effective management of the Company is actually exercised.

Pursuant to the latest commentaries to OECD Model Tax Convention, all relevant facts and circumstances should be taken into account for the determination of the place of effective management. Given that (i) the Board of Directors of the Company consists exclusively of Qatari nationals residing legally in Qatar, (ii) all decisions taken by the Board of Directors are taken in Qatar and the general meeting approving the separate financial statements are also held in Qatar, and (iii) the Company lacks material substance in Luxembourg, the Company has its place of effective management in Qatar.

Based on all of the above, the Company is to be considered as a Qatari tax resident under the Convention between Luxembourg and Qatar and should therefore not be taxable in Luxembourg.

Pioneer Holding S.A.

Notes to the separate financial statements (continued)
As of 31 December 2015

Note 3 - Summary of significant accounting policies (continued)

3.10. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of 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. The expense relating to a provision is presented in the statement of comprehensive income net of recovery if any.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The discount rate is the pre-tax rate that reflects current market assessments of the time value of money.

Provisions on loan commitments are recognised when there is uncertainty about the creditworthiness of the counterpart.

3.11. Interest and similar income and expense

Interest is recognised *pro rata temporis* using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability. Interest income and expense are recognised in the separate statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

3.12. Dividend

Dividend is recognised when the Company's right to receive the payment is established. Dividend is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the separate statement of comprehensive income.

3.13. Equity

Equity is the residual interest in the assets of the Company after all its liabilities have been deducted.

Equity instruments have been differentiated from financial instruments in accordance with the provisions of IAS 32.

Pioneer Holding S.A.

Notes to the separate financial statements (continued)

As of 31 December 2015

Note 4 - Significant accounting judgments, estimates and assumptions

In the process of applying the Company's accounting policies, management has exercised judgment and estimates in determining the amounts recognised in the separate financial statements. The most significant uses of judgment and estimates are as follows:

Shareholder loans

The Company determined that the formula of the variable interest under the shareholders loans disclosed in Note 12 does not meet the definition of a derivative under IAS 39 since the variable interest feature contains an underlying item that is a non-financial variable specific to one party to the contract. In making this judgment, management considered that the performance of the Company is driven by a number of different factors many of which are clearly non-financial in nature, for example the general business risks faced by the entity or management actions. Therefore, variable interests under shareholders loans are carried at their amortised cost.

Impairment tests of investments in subsidiaries and loans and receivables at amortised cost

At each reporting date the Company assesses any potential indicative factor regarding whether investments in subsidiaries and whether loans and receivables at amortised cost have been impaired. This requires an estimation of their value in use. Estimating the value in use requires the Company to make an estimate of the expected future cash flows and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Note 5 - Investment in subsidiaries

Ownership (%)	Company name	Country	Activity	31 December 2015	31 December 2014
				EUR	EUR
				carrying amounts	carrying amounts
49.99%	Constellation Hotels Holding Ltd S.C.A.	Luxembourg	Hotel and Real Estate	-	202,656,082
100%	Precision Capital S.A.	Luxembourg	Banking	1,850,031,000	1,850,031,000
Total				1,850,031,000	2,052,687,082

On 15 September 2015, Pioneer Holding S.A. sold its participation of 49.99% in the share capital of Constellation Hotels Holding Ltd S.C.A. ("CHH") to Prime Capital S.A. for an amount of EUR 699,733,399 considering additional capital contributions of EUR 504,955,134 which have been paid by Pioneer Holding S.A. during the period from 1 January 2015 to 15 September 2015.

The sale price was settled through an equivalent reduction in the short term shareholders loans (see Note 12).

Pioneer Holding S.A.

Notes to the separate financial statements (continued)

As of 31 December 2015

Note 5 - Investment in subsidiaries (continued)

A loss of EUR 7,877,817 has been realized on the disposal of the shares of Constellation Hotels Holding Ltd S.C.A. as described in the table below:

	EUR
Acquisition cost as at 31 December 2014	202,656,082
Capital contributions during the period from 1 January 2015 to 15 September 2015	504,955,134
Acquisition cost as at 15 September 2015	707,611,216
Sale price	(699,733,399)
Realized loss	7,877,817

The Board of Directors is of the opinion that no impairment is required on the investment in Precision Capital S.A. as of 31 December 2015 and 2014.

Pioneer Holding S.A.

Notes to the separate financial statements (continued)
As of 31 December 2015

Note 6 - Long and short term loans to subsidiaries

Long term loans to subsidiaries

	Currency	Maturity	Interest	31 December 2015 EUR	31 December 2014 EUR
Constellation Hotels Holding Ltd S.C.A.	GBP	01/05/2018	2.875%	-	137,173,965
Constellation Hotels Holding Ltd S.C.A.	EUR	26/02/2024	7.04% - margin	-	61,332,982
Constellation Hotels Holding Ltd S.C.A.	USD	29/09/2024	9.00% - margin	-	29,125,470
Constellation Hotels Holding Ltd S.C.A.	EUR	31/12/2023	(*)	-	128,671,416
Constellation Hotels Holding Ltd S.C.A.	GBP	27/07/2022	(*)	-	56,848,068
Total				-	413,151,900

(*) 1% + variable based on the performance of the company.

Short term loans to subsidiaries

	Currency	31 December 2015 EUR	31 December 2014 EUR
Constellation Hotels Holding Ltd S.C.A.	EUR	-	26,568,662
Total		-	26,568,662

On 15 September 2015 Pioneer Holding S.A. sold its entire participation in Constellation Hotels Holding S.A. to Prime Capital S.A. (see Note 5). As of the same date, all the long term loans and the short term loans granted to Constellation Hotels Holding S.A. have been assigned to Prime Capital S.A., the new shareholder of Constellation Hotels Holding Ltd S.C.A..

Note 7 - Other loans and receivables (including debt instruments)

As at 31 December 2015 and 2014, other loans and receivables (including debt instruments) consist of a contingent convertible bond with a nominal of EUR 150,000,000 issued by Banque Internationale à Luxembourg S.A., a 89.93% subsidiary of Precision Capital S.A., and fully subscribed by Pioneer Holding S.A. on 30 June 2014.

The contingent convertible bond has no defined maturity and bears a fixed interest rate of 6.625%.

As at 31 December 2015 and 2014, accrued interests amount to EUR 5,009,589.

Pioneer Holding S.A.

Notes to the separate financial statements (continued)

As of 31 December 2015

Note 8 - Other non-current assets

Other non-current assets

	Currency	31 December 2015 EUR	31 December 2014 EUR
Subscribed capital uncalled and unpaid	EUR	142,600,000	142,600,000
Receivable from Regis Investment S.A.	EUR	69,412,333	-
Total		212,012,333	142,600,000

As at 31 December 2015 and 2014, an amount of EUR 142.6 million of subscribed capital uncalled and unpaid is reported under this heading (see Note 13).

As at 31 December 2015, the amount receivable of EUR 69,412,333 from Regis Investment S.A. consists of capital contributions to Constellation Hotels Holding Ltd S.C.A. paid by Pioneer Holding S.A. on behalf of Regis Investment S.A..

Note 9 - Other current assets

Other current assets

	Currency	31 December 2015 EUR	31 December 2014 EUR
Short term receivable Constellation Hotels Holding GP S.à r.l.	EUR	100	100
Tax receivable	EUR	92,158	-
Deferred charges	EUR	493	717
Total		92,751	817

Note 10 - Cash and cash equivalents

Cash and cash equivalents are composed of cash at banks. These earn interests at floating rates based on daily bank deposit rates.

Note 11 - Other non-current liabilities

Other non-current liabilities are only composed of the subscribed capital uncalled payable to Precision Capital S.A..

Pioneer Holding S.A.

Notes to the separate financial statements (continued)
As of 31 December 2015

Note 12 - Short term shareholders loans

<u>Shareholders loans</u>	31 December 2015		31 December 2014	
	EUR		EUR	
Short term payables (on demand) CHF	286,787	(*)	255,869	(*)
Short term payables (on demand) EUR	47,278,995	(*)	481,142,611	(*)
Short term payables (on demand) GBP	-	(*)	178,564,864	(*)
Short term payables (on demand) USD	-	(*)	92,978,417	(*)
Total	47,565,782		752,941,761	

(*) including accrued interest at a rate of 1% + variable rate based on the performance of the company.

The decrease in the short term shareholders loans as at 31 December 2015 is associated with the sale of CHH (see Note 5) and the loan assignment agreement signed between the shareholder, CHH, Pioneer Holding and Prime Capital.

Note 13 - Issued share capital and reserves

On 19 January 2011 (incorporation date) the Company issued capital for an amount of EUR 31,000 represented by 31,000 shares with a par value of 1.00 EUR each. The initial share capital was fully subscribed and paid in.

On 16 March 2012, the General Shareholders' meeting of the Company approved the resolution to increase the subscribed capital by an amount of EUR 1,050 million by the creation and issue of 1,050 million new shares with par value of EUR 1.00 each, having the same rights and privileges as the existing shares. All these new shares have been subscribed and fully paid up by the sole shareholder of Pioneer Holding S.A..

On 26 September 2012, the General Shareholders' meeting of the Company approved the resolution to increase the subscribed capital by an amount of EUR 800 million by the creation and issue of 800 million new shares with par value of EUR 1.00 each, having the same rights and privileges as the existing shares. All these new shares have been subscribed by the sole shareholder of Pioneer Holding S.A. and partly paid up by way of a contribution in cash of EUR 657.4 million. As at 31 December 2015 and 2014, the authorised and subscribed capital of Pioneer Holding S.A. amounts to EUR 1,850,031,000 of which EUR 1,707,431,000 has been paid up (see Note 8), represented by 1,850,031,000 shares with a par value of EUR 1.00 each.

Legal reserve

In accordance with Luxembourg legal requirements, a minimum of 5% of the yearly net profit must be transferred to a legal reserve from which distribution is restricted. This requirement is satisfied when the reserve reaches 10% of the issued share capital. The allocation to the legal reserve is made in the following year when the net result is being allocated.

Pioneer Holding S.A.

Notes to the separate financial statements (continued)

As of 31 December 2015

Note 13 - Issued share capital and reserves (continued)

Capital management

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to ensure the continuous smooth operation of its business activities and to maximise the shareholders value. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to externally imposed capital requirements.

Treasury shares

During the year 2015 and 2014, the Company had not acquired any treasury shares.

Note 14 - Administrative expenses

For the years ended 31 December 2015 and 2014, administrative expenses are mainly composed of accounting and audit fees.

Note 15 - Dividend income

	31 December 2015 EUR	31 December 2014 EUR
Dividends received from Precision Capital S.A.	108,000,000	90,000,000
Total	108,000,000	90,000,000

Note 16 - Interest and similar income

	31 December 2015 EUR	31 December 2014 EUR
Interest income on loans	16,156,683	14,741,837
Foreign exchange gains	36,185,754	13,381,552
Other interest income	10,024,995	5,010,113
Total	62,367,432	33,133,502

For the years ended 31 December 2015 and 2014, other interest income is composed of the interest on the contingent convertible bond issued by Banque Internationale à Luxembourg S.A. for EUR 9,937,500 (2014: EUR 5,009,589) and of the interest on cash at banks (see Note 7).

Pioneer Holding S.A.

Notes to the separate financial statements (continued)

As of 31 December 2015

Note 17 - Interest and similar expenses

	31 December 2015 EUR	31 December 2014 EUR
Foreign exchange losses	(15,991,645)	(19,490,249)
Interest on shareholders loans	(37,706,426)	(12,119,094)
Other interest expenses	(224,369)	(414,010)
Total	<u>(53,922,440)</u>	<u>(32,023,353)</u>

Other interest expenses consist of the interest on the short term loan granted by Precision Capital S.A. to Pioneer Holding S.A. on 19 March 2014 (see Note 20).

Note 18 - Income tax

As described in Note 3.9, the Company is considered as tax resident in Qatar and is not liable to income tax in Luxembourg.

Pioneer Holding S.A.

Notes to the separate financial statements (continued)

As of 31 December 2015

Note 19 - Classification of financial instruments: breakdown by portfolio and by product

Financial instruments are classified into several categories ("portfolios"). Details of these various categories and the valuation rules linked to them are given in Note 3, dealing with financial assets and liabilities (IAS 39).

CARRYING AMOUNTS (in EUR)

31 December 2015

ASSETS	Investment in subsidiaries	Loans and receivables	Total
Cash and cash equivalents	-	28,724,053	28,724,053
Receivables from Regis Investments S.A.		69,412,333	69,412,333
Equity instruments	1,850,031,000		1,850,031,000
Debt instruments	-	155,009,589	155,009,589
Issued by credit institutions	-	155,009,589	155,009,589
Total	1,850,031,000	253,145,975	2,103,176,975

CARRYING AMOUNTS (in EUR)

31 December 2014

ASSETS	Investment in subsidiaries	Loans and receivables	Total
Cash and cash equivalents	-	90,004,996	90,004,996
Loans to subsidiaries	-	439,720,562	439,720,562
Long term loans	-	413,151,900	413,151,900
Short term loans	-	26,568,662	26,568,662
Equity instruments	2,052,687,082	-	2,052,687,082
Debt instruments	-	155,009,589	155,009,589
Issued by credit institutions	-	155,009,589	155,009,589
Total	2,052,687,082	684,735,147	2,737,422,229

Pioneer Holding S.A.

Notes to the separate financial statements (continued)

As of 31 December 2015

Note 19 - Classification of financial instruments: breakdown by portfolio and by product (continued)

CARRYING AMOUNTS (in EUR)

31 December 2015

LIABILITIES	Financial liabilities at amortised cost	Total
Borrowings from credit institutions	14	14
Borrowings from shareholders and subsidiaries	48,439,353	48,439,353
Short term borrowings	48,439,353	48,439,353
Total	48,439,367	48,439,367

CARRYING AMOUNTS (in EUR)

31 December 2014

LIABILITIES	Financial liabilities at amortised cost	Total
Borrowings from shareholders and subsidiaries	790,668,928	790,668,928
Short term borrowings	790,668,928	790,668,928
Total	790,668,928	790,668,928

The following table summarises the carrying amounts and fair values of the financial assets and liabilities not measured at fair value, excluding consolidated entities.

FAIR VALUE OF FINANCIAL INSTRUMENTS

	Carrying amount		Fair value	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
ASSETS				
Cash and cash equivalents	28,724,053	90,004,996	28,724,053	90,004,996
Loans to subsidiaries	-	439,720,562	-	439,720,562
Other loans and receivables (including debt instruments)	155,009,589	155,009,589	155,009,589	155,009,589
LIABILITIES				
Deposits from credit institutions	14	-	14	-
Borrowings from shareholders and subsidiaries	48,439,353	790,668,928	48,439,353	790,668,928

Pioneer Holding S.A.

Notes to the separate financial statements (continued)

As of 31 December 2015

Note 19 - Classification of financial instruments: breakdown by portfolio and by product (continued)**FAIR VALUE HIERARCHY**

Pioneer Holding S.A. uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 - Quoted (unadjusted) price in active market for identical assets or liabilities.

Level 2 - Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 - Techniques which uses inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Level 1 and level 2 items measured at fair value

During the years ended 31 December 2015 and 2014, no financial assets and liabilities were classified either in level 1 category, or in level 2 category.

Level 3 items measured at fair value

During the years ended 31 December 2015 and 2014, no financial assets and liabilities were classified in level 3 category.

Note 20 - Related party transactions

As at 31 December 2014, all loans granted to subsidiaries and related interest are related party transactions.

As at 31 December 2015 and 2014, other loans and receivables (including debt instruments) are only composed of the contingent convertible bond issued by Banque Internationale à Luxembourg S.A., which is a related party.

As at 31 December 2015 and 2014, other non-current assets are composed of subscribed capital uncalled and unpaid of EUR 142,600,000 (2014: EUR 142,600,000) and the receivable from Regis Investment S.A. of EUR 69,412,333 (2014: EUR 0).

As at 31 December 2015, cash and cash equivalents include an amount of EUR 28,719,440 deposited at KBL epb, which is a related party (2014: EUR 90,000,373).

As at 31 December 2015 and 2014, other non-current liabilities are only composed of subscribed capital uncalled payable to Precision Capital S.A..

As at 31 December 2015, the amount of EUR 873,571 classified in short term liabilities to subsidiaries is a liability payable within one year to Precision Capital S.A. (2014: EUR 37,727,167).

As at 31 December 2015, the loans from the shareholder of EUR 47,565,782 are payable within one year (2014: EUR 752,941,761).

Pioneer Holding S.A.

Notes to the separate financial statements (continued)

As of 31 December 2015

Note 20 - Related party transactions (continued)

As at 31 December 2015, dividend income is only composed of dividend of EUR 108,000,000 received from Precision Capital S.A. (2014: EUR 90,000,000).

Note 21 - Financial risk management objectives and policies

The Company's principal financial liabilities comprise of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include investment in subsidiaries, loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks and addresses them in due time. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when income or expense is denominated in a foreign currency). The Company has not put in place any specific strategy in order to mitigate the exposures subject to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is limited. The Company has not put in place any specific strategy in order to mitigate the exposures subject to interest rate risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is mainly exposed to credit risk from its subsidiaries if they are not able to redeem their loans and related interest towards the Company. It also includes credit risk on deposits with banks and financial institutions and other financial instruments.

Pioneer Holding S.A.**Notes to the separate financial statements (continued)**

As of 31 December 2015

Note 21 - Financial risk management objectives and policies (continued)

The credit rating of the only bank outside the Pioneer Holding Group the Company operates with is A++.

Liquidity risk

The Company monitors its risk to a shortage of funds by reviewing on a regular basis the cash needs of the Company.

As at 31 December 2015 and 2014, the liquidity risk of the Company is limited. The funding of the investments in subsidiaries is ensured by successive capital increases and shareholders loans made by the sole shareholder of the Company.

Note 22 - Commitments and contingencies

There was no commitment or contingency requiring disclosure in the separate financial statements.

Note 23 - Subsequent events

On 20 June 2016, an interim dividend of EUR 105 million with respect to the year 2016 has been distributed by Precision Capital S.A..

There was, after the closing date, no other significant event requiring an update of the provided information or adjustments in the separate financial statements as at 31 December 2015.

Note 24 - Result allocation proposal

The Board of Directors proposes to allocate the 2015 profit of EUR 107,960,550.58 to the retained earnings after the required allocation to the legal reserve.

This affectation will be submitted to the approval of the Annual General Meeting to be held on 11 August 2016.