QUILVEST

QUILVEST is a public financial holding company whose subsidiaries are in the wealth management and private equity business with a primary focus on the United States and Europe.

QUILVEST was incorporated in Paris on September 20, 1888. Since the spin-off of the industrial activities in 1991, it has solely focused on managing financial as-sets with a Swiss wealth management institution established in 1932 and a private bank in France established in 1917. Quilvest's Private Equity activities date back to 1972.

QUILVEST consists of more than 180 professionals with offices in Luxembourg, New York, Zurich, Paris, Beirut, Buenos Aires and London.

List of Directors and Managers

Board of Directors

Honorary Chairman	Julio E. Nuñez
Chairman	Alvaro Sainz de Vicuña
Directors	Christian Baillet Peter Bemberg François de Carbonnel André Elvinger Serge de Ganay Louis-James de Viel Castel International Advisory Services
Audit Committee	Peter Bemberg Louis-James de Viel Castel
Compensation Committee	Peter Bemberg Louis-James de Viel Castel
Group Management	Chief Executive Officer Christian Baillet Group General Manager and CEO Quilvest Private Equity F. Michel Abouchalache Secretary General Jean-Benoît Lachaise
Group Controller	Jean-Benoît Lachaise
Statutory Auditors	KPMG Audit S.à r.l. KPMG Ltd
Group Auditors	KPMG Audit S.à r.l. KPMG Ltd

QUILVEST

Group Highlights

in $ million	2006	2005
Total assets (IFRS)	899.3	763.4
Group equity (IFRS)	614.4	540.0
Net asset value (Management valuation)	682.2	588.2
Group net profit (IFRS)	67.9	73.6

in $	2006	2005
Group net basic earnings per share (IFRS)	10.5	11.4
Group net asset value per share (IFRS value)	113.8	100.0
Net asset value per share (Management valuation)	126.3	108.9
Total shares issued as of reporting date	**6,480,000**	**5,400,000**

Chairman's Statement

Quilvest's strong 2005 performance was well sustained in 2006 with its two core businesses, Private Equity and Wealth Management, continuing to deliver strong results. Performance is first and foremost our return on assets. Quilvest's NAV increase in 2006 was a strong 17.4%. Quilvest's Private Equity portfolio witnessed significant realizations and write ups with a record low amount of write downs. Quilvest Banque Privée (QBP) exceeded its income budget and has had a record increase in assets under management. Finally, Société Internationale de Finance (SIF) had a very strong year on many fronts: revenues, profits, assets under management and performance of its products, notably in the hedge funds space.

More importantly, we believe in investing in the future. We have more than doubled our human resources and continue to recruit high caliber professionals. We now have 7 offices worldwide with an increasing presence in the United States and a new presence in the United Kingdom. The Group has now almost 200 professionals on board, a 100% increase over the past 5 years.

To support the above growth and encouraged by Quilvest's continued success, the Quilvest shareholders have approved a USD 120 million capital increase. This capital increase was successfully completed in March 2007. On behalf of Quilvest's Board, I would like to thank all our shareholders and all our clients for their tangible and continued support. We remain committed to meeting their expectations.

Shareholders should note that the format of the audit report has changed versus former years. The new format follows the International Standards on Auditing (ISA) prepared by the International Federation of Accountants. The statements and opinions therein regarding the responsibilities of the board of directors are those of the auditors only.

The responsibilities of the board of directors are determined by law. In this respect the board is in charge of preparing the annual accounts and the fair representation thereof in accordance with EU directives as transposed into Luxembourg law as well as the consolidated accounts in accordance with International Financial Reporting Standards (IFRS), as set forth by EU Regulations.

The board of directors considers that it has fully complied with these obligations.

April 25, 2007

Alvaro Sainz de Vicuña
Chairman

Chief Executive Officer's Statement

Net Asset Value Up 17.4%

For an investment holding company such as Quilvest, the net asset value is the best measure of performance. For that reason we are very scrupulous in the valuation process. We are very satisfied with the net performance of Quilvest in 2006 which exceeded 17.4% in net asset value increase (NAV 2006 adjusted by 2005 dividend distribution). Furthermore, that performance has been achieved in all our businesses, which confirms the strength of the Quilvest portfolio.

Currency Exposure Impact

We continue to balance our investments between Europe and the USA while the Asian sector is growing but still relatively small. As our accounts are presented in USD, we benefited in 2006 from the strength of the other currencies and the net impact can be estimated to +5%, so that the performance of the Quilvest portfolio, excluding currency, is around 12% which is perfectly in line with our long term target.

After reviewing the various options available, we have decided not to use hedging techniques except when there is a strong disequilibrium between the euro and the dollar and over a long period, the net currency effect should be marginal. Obviously, on a yearly basis it may have a positive impact such as in 2006 or a negative one the year before.

Strategy in Private Equity

We had informed you about 3 years ago of our long term strategy in private equity which is to balance direct investments and third party funds. For direct investments, we can rely on the strength of our team which is now in excess of 40 professionals and the diversity of our network to create alpha performance. The third party funds due to our historical presence in this asset class, and, by consequence our unique access, provide us with a wide and outstanding exposure to the best teams in the industry. As a consequence, we had decided to exit from all the sponsored funds. We started during the two previous years in Asia, the United Kingdom and Spain and, in 2006 we finalized that process with the sale of the investments held through TCR US and TCR Europe. Those relationships were long and deep with mixed results, and we have made sure that the two teams, by taking control of their management companies, could continue to be active but independently in the business. Now we have a restructured portfolio which is well balanced and where we can optimize the performance with the added value of our own human resources.

Private Equity Activity in 2006

In 2006 we have faced a market which was sometimes exuberant and as a consequence we have used the opportunity for exits each time it made sense and to invest only when the pricing was still reasonable. While we have completed about 10 new investments including 2 or 3 which are substantial, we have realized more sales generating healthy capital gains, and as a consequence our liquidity has increased significantly during the year.

We will use all opportunities to make new and larger investments while remaining very prudent on pricing which has been our long term policy.

Chief Executive Officer's Statement (continued)

Synergy between Private Equity and Wealth Management

Private Equity and Wealth Management have always been the two pillars of the Group, one being more variable by nature but with higher expected performance, and the other one being more stable over the long term, but with steady growth.

We realized also that those two businesses could benefit from each other and several initiatives dating from 2 or 3 years ago have started to pay off. In particular, we have been able to refer and transfer new clients from one business to the other and, in certain new markets, joint efforts have been developed which have been efficient in terms of cost structure and in allowing us to propose a wider range of products and services to our clients and partners. That process will be amplified in over the next few years and is now an integral part of our strategy. We may even consider changes in the organization of the company to increase the magnitude of those synergies.

Strong Rise of Assets Under Management

In the new strategy developed over the last three years, an important part was the development of assets under management through the increase of new clients in order for Quilvest not to rely exclusively on its own capital. The year 2006 has been impressive as private equity has generated an increase of more than 30% of new clients' money. Quilvest Banque Privée has achieved the same increase and Société Internationale de Finance has generated a solid 20% during the same period.

This increase in results is important not only because they create additional revenues and sources of capital for new investments, but also because they represent a good benchmark to assess the quality of our products and our services. In that sense, competition is always a good discipline.

Top Recruitments

Such an increase in the activity of the company could not have been accomplished without a significant increase in human resources. We have moved in 2006 in that direction quantitatively and qualitatively. All businesses had significant net hirings and the total number of employees is approximately 200, whereas 3 years ago we were less than 100.

In addition we have attracted new senior professionals who will play an important role in the development of Quilvest. It is worthwhile to mention Philippe Monti, the new Chief Executive Officer of SIF since summer 2006 and Jean-Benoît Lachaise who has been promoted Secretary General and Chief Controller of the Group. Our plan is to continue these recruitments both in the front and the back office in the years to come.

Corporate Governance

A special effort has been achieved to modernize the corporate governance and in order to do so we have included a new independent board member, Mr. François de Carbonnel who brings to the board his international experience both in private equity and private banking. Furthermore, the board members have reinforced their presence and their control with the creation of an Audit Committee and a Compensation Committee who meet on a regular basis. We do believe that an active and dynamic management coupled with a strong board dedicated to the strategy and the control of the company is the best way to create value for our shareholders.

QUILVEST

Chief Executive Officer's Statement (continued)

New Products

Now that we have achieved a certain critical size and that we have stronger human resources available, we wish to speed up the development of new initiatives. That is already the case in the private equity business where new territories are currently under analysis and should lead to new business opportunities for Quilvest. SIF is by nature an international business and the development of opportunities in new countries will be considered through partnerships or joint ventures. On these two aspects we can already expect concrete results during the year 2007 based on our ongoing efforts.

Increase of Capital

Because of the significant developments in the various businesses and the new initiatives which will require significant seed funding, the management team of Quilvest has presented a plan which included a potential increase of capital. The Board of Directors on March 8, 2007 approved - within the limits of the authorized capital - the issuance, listing and admission of 1.080.000 new shares. This increase of capital and share premium of USD 120,960,000 which was prepared at the end of 2006 and which was successfully completed on March 29, 2007 will provide the necessary resources to develop the new investments which have been described above.

Dividend Policy

We have communicated to our shareholders in the past that a significant and steady distribution is good practice for an investment company. The good performance of Quilvest in 2006 will be reflected in the proposed dividend and we will recommend an acceleration of the dividend increase up to a level of $2 per share to be compared to $1.5 the previous year. We keep as a middle term objective a cash distribution of close to 3% of the net asset value.

Shareholders' Commitments

Quilvest has now a long history in international investments. It has been built with a strong culture and we wish to continue with the same principles. Our philosophy has always been to encourage transparency, leadership and promotion of entrepreneurial spirit. We will continue to do so because we believe those are the best ingredients to attract and retain human resources which are the key for performance and achievements and because it is the best way to fulfil our primary long term objective which is creating shareholders' value.

Christian Baillet
Chief Executive Officer

Private Equity

I - Portfolio Update

The quality of the Quilvest Private Equity ('QPE') portfolio was again confirmed in 2006, not only with an overall performance exceeding 15% but also with a 7 to 1 ratio of write ups versus write downs. Excluding currency impact, total write downs were approximately USD 10 million or less than 2% of the portfolio NAV, whereas write ups exceeded USD 70 million. Significant contributors to this performance were the QS PEP[1] vintages, the TCR IP and TCF exits, Ionisos, Utex, and Command Alkon.

2006 was especially marked by QPE full exit from its TCR IP and TCF investments. Both exits were accomplished through secondary sales which yielded significant NAV gains for Quilvest during 2006. Those exits are consistent with QPE's new strategy to discontinue its sponsored funds activity and to focus on its QS PEP and QS Companies[2] programs.
As a matter of fact, QS PEP and QS Companies now aggregate up to 39% of Quilvest's total portfolio whereas other private equity investments add up to less than 22%. This is the first year during which the new strategy weight in the QPE portfolio becomes larger than the weight of the old private equity investments.

Early indicators of the QS PEP performance are very encouraging. QS PEP 2002 to 2005 vintages have so far outperformed their benchmark by a 26% IRR per annum. QS PEP USA LBO funds have so far yielded a 25% IRR versus a Thomson Venture LBO Median for the same vintages of 4.2%. QS PEP European LBO funds have so far yielded a 42.17% IRR versus a Thomson Venture LBO Median for the same vintages of -1.5%. While, given the young age of our earliest QS PEP vintage (2002), this track record is based mostly on a non realized performance, early indicators are very positive and point to a likely top decile IRR.

QS Companies have also continued to perform very strongly. Since late 2001 and as of December 2006, investments were made in 31 companies of these. Six have been fully exited with IRRs ranging from 39% to 90%. Five were partially exited of which 4 have returned so far more than one time their cost. Five are scheduled to be exited in the first half of 2007. Overall, of the 31 companies, 1 is troubled, 4 are below budget and 26 are on or above budget.

QPE assets under management continued to grow. The team is today managing assets in excess of USD 1.3 billion with an objective to manage close to USD 2 billion within the next 18 to 24 months. This should translate into a fivefold increase over a six-year period. Thanks to the continued and growing support and trust of our shareholders and investors, we do have the opportunity to grow at a faster rate but have decided to manage our growth carefully. Our priority remains to be an effective and successful principal investor and not to turn into a pure asset manager. QPE investment performance remains the team's utmost priority.

(1) QS PEP is Quilvest Private Equity Program, a fund of funds targeting top quartile private equity managers.

(2) QS Companies are Quilvest's direct investments and co-investments.

Private Equity (continued)

II - New Investments

QPE invested or committed more than USD 200 million in 2006. USD 150 million were committed to top quartile funds directly or through the QS PEP program. Quilvest and its co-investors also invested USD 85 million in 9 QS Companies. For 2007, QPE is targeting USD 400 million of new investments or new commitments of which USD 200 million in top quartile funds and more than USD 200 million in QS Companies.

QS PEP

QS PEP momentum continues to be very strong driven by strong market dynamics and its very strong performance as described above. QS PEP 2006 was closed at its hard cap of USD 100 million with a record number of investors. Subsequently, the program committed to 21 top quartile funds during the year including TPG, Bain, Lime Rock, Blackstone, Cinven, TDR, Charterhouse, Alpha, Permira, Altor, NEA, Proquest, Polaris, Cerberus, Sun Securities and Capital Today China.

QS Companies

QPE and its co-investors invested a total of approximately USD 85 million in 9 companies in 2006. Two of those investments were lead investments: The Laudau Group (USA) and Hydrex (UK). Laudau was done in partnership with a fundless GP, whereas Hydrex was done in partnership with a large co-investor. Since, QPE led the accretive build up acquisition of two companies into both Laudau and Hydrex. The remaining 7 direct investments were co-investments with other financial sponsors. These include Nocibé (France), a co-investment with Charterhouse, All System (Italy) and Unopiu (Italy), co-investments with Sinergia, and T-Zero (USA), a co-investment with August, Lightspeed and USVP.

Our lead activity level in 2006 was below our objectives, mainly due to an increasingly more competitive environment. While we do have a confirmed appetite and the resources to close more lead transactions, we will continue to focus on disciplined valuations for high quality assets.

III - The QPE Team

The QPE team continued to grow in 2006 with now 41 professionals of whom 30 are investment professionals and 11 are middle and back office professionals. In the first quarter of 2007 we hired a QPE Chief Financial Officer who will be joining us as of early August. This highlights the importance we give to our back and middle office operations and to our world class reporting.

Implementation of our IT infrastructure is well underway with eFront and Hyperion. We are hoping for a full eFront launch towards mid 2007.

Most importantly, after the successful opening in 2005 of our QPE New York Office, we have opened in early 2007 a QPE London office. This confirms our commitment to both the UK and the European private equity markets.

List of Largest Direct Investments

Direct Investments (management valuation)	Country	Investment date	Management valuation
OE Holding (Orphan)	France	2000	15.7
Hydrex	UK	2006	11.0
Hillarys	UK	2004	9.1
Schöller Wawin System/Stirling Square Capital Partners	Benelux	2004	8.7
Farley's & Sathers Candy Company	USA	2002	8.4
Qualytel Teleservices	Spain	2001	8.2
Utex Industries	USA	2006	7.7
Ionisos/Financière Mandragore	France	2003	7.6
Alartec (formerly Alarmas 24)	Spain	2001	6.1
Aletheia Partners	Benelux	2005	5.8
Azulev	Spain	1999	5.7
Irestal (Aceros Bergara)	Spain	2000	5.3
Command Alkon	USA	2005	4.9
Frontier Silicon	USA	2005	4.8
Comess (formerly Restmon Group (formerly Franchising Direct))	Spain	2000	4.7
Price Minister (Babelstore)	France	2005	4.2
E.Pak	Asia	2001	3.7
Solola	France	2003	3.6
Maguin	France	1990	3.6
Unopiu	Italy	2006	3.5
T-Zero	USA	2006	3.5
CIAT (AGC)	France	2002	3.4
Ampd	USA	2005	3.4
Parkway Holding Ltd (Cobalt)	Asia	2000	3.2

Quilvest

List of Largest Direct Investments (continued)

Direct Investments (management valuation)	Country	Investment date	Management valuation
ARM Holding's	USA	2006	3.2
Esmertec	Switzerland	2003	3.1
Altea	USA	2005	3.0
Infra-Structures	USA	2004	3.0
Segur	Spain	2004	2.8
Norcros (Stormgrange)	UK	1999	2.6
Hill & Valley	USA	2005	2.6
IDI	France	2003	2.3
Innate Pharma	France	2004	2.2
Allsystem SPA	Italy	2006	2.1
Nocibé	France	2006	2.0
Glassbeads (Sovitec)	Benelux	2004	1.4
CA Conseil & Services	France	2000	1.4
Pomme de Pain/Fin Cardamome	France	2004	1.3
Ristretto	Luxembourg	2005	1.2
CA Traiteur & Salaisons	France	2004	1.0
Zeta Mind	France	2002	1.0
All other direct investments			14.3
Total Direct Investments			196.3

List of Largest Third Party Funds

Fund Investments (management valuation)	Country	Investment date	Management valuation
QS PEP 2002	(*)	2002	29.9
QOL PEP 2003	(*)	2003	28.6
QOL PEP 2004	(*)	2004	20.3
Navis Asia Fund III	Asia	2003	17.4
QOL PEP 2005	(*)	2005	16.3
TCR Europe	France	1997	14.2
MCH Iberian Capital Fund II	Madeira	2005	9.8
Advent Atlantic & Pacific IV	USA	1999	8.0
Advent Private Equity Fd III	UK	2000	6.0
QOL PEP 2006	(*)	2006	4.8
Vencap 6 (MC Partners III)	UK	1999	4.5
Schroder Ventures Asia Pacific	Asia	2000	4.2
Abingworth Bioventures III	UK	2001	4.1
Acto FCPR (ex Finama)	France	2002	3.8
Advent Private Equity Fd II	UK	1998	3.6
Alpha Private Equity Fund 4 Ophélia	France	2002	3.4
GS PEP 2000 Offshore	USA	2000	3.3
Sinergia con Impenditori	Italy	2005	3.2
Sun Capital Securities	USA	2004	3.1
Advanced Technology Venture VII	USA	2001	2.2
Catterton Partners V	USA	2004	2.1
Alpha Private Equity Fund 3 - APEF 3	France	1999	2.1
Pyramid Technology Venture	USA	2000	2.0
Pacven Walden Ventures V LP	Asia	2001	2.0
Vencap 9 (PEI II)	UK	2000	1.9

QUILVEST

List of Largest Third Party Funds (continued)

Fund Investments (management valuation)	Country	Investment date	Management valuation
Abingworth Bioventures II	UK	2000	1.9
GS Capital Partners 2000 Offshore	USA	2000	1.7
Chase Capital Partners II	USA	2000	1.6
Advent Atlantic & Pacific III	USA	1996	1.5
Asia Pacific Fund II	Asia	1994	1.3
GS Vintage II Fund Offshore	USA	2002	1.2
GS Private Equity Partners II Offshore L.P.	USA	2000	1.2
Bain Capital Fund VII	UK	2002	1.1
Jafco America Technology III	USA	2000	1.1
GS PEP Technology FD 2000	USA	2000	1.0
Navis Asia Fund IV	Asia	2004	1.0
Saint Germain Sécurité	France	2006	1.0
All other third party fund investments			7.7
Total Third Party Funds			224.1
Treasury investment portfolio			130.7
Total			354.8

(*) Quilvest fund of funds (QS PEP)

Wealth Management

Société Internationale de Finance, Zurich

Development and consolidation continued to be the key drivers for SIF in 2006. The arrival of a new CEO, CFO and Corporate Development Head further reinforced these trends.

In 2006, SIF consistently continued, on the one hand, to develop its client base and build the appropriate structure to achieve its ambitious objectives in this field and, on the other hand, to consolidate its corporate structure. Simultaneously, SIF served and advised its clients, delivering a good performance for its clients and at the firm level.

To further improve the quality and consistency of our client relationship management, a front office with qualified and experienced client relationship managers (CRMs) was set up. The CRMs are the catalyst for all the client needs and requirements, as well as being responsible for the proper delivery of SIF services and advice. We look forward to adding new CRMs to support and strengthen our marketing efforts aimed at developing our client base.

In this context, SIF will change its name to Quilvest Switzerland Ltd. mid-2007, thereby leveraging name recognition of the brand Quilvest and taking advantage of the renowned label of SIF's base country.

Consolidation and build-up of a strong corporate structure progressed in 2006. Emphasis was placed on the renewed and essential attention of management to the quality of corporate matters and to the strengthening of our resources in terms of quantity, with an increase of 15 % of the headcount, and quality in all departments. We will continue with this focus in 2007 and the coming years so as to ensure a high level of security and precision in our services.

In terms of performance, 2006 was a good year both in terms of financial results and of client performance - with particularly outstanding performances in our hedge funds and the successful introduction of new investment ideas into our palette of products. SIF had much higher revenues than expected, with an increase of more than 50 % in the operating revenues and profits. This excellent result was due not only to the trends in the financial markets, which led to higher performance fees, but also to our first, and promising, business development efforts. Moreover, the good performance we achieved for our clients has led to an increase of more than 60 % in the volume of assets managed by SIF, which in turn will bring on in the coming months and years an increase in the revenues.

The main objective in 2007 and years to come will be to pursue with consistency and success the 2006 actions.

Quilvest Banque Privée, Paris

In 2006, the bank continued to develop its strategic plans to maintain growth in the coming years.

While certain of the bank's structures have been reorganized, the bank has offered increasingly diverse and tailored financial services to its customers.

In January 2006, the bank completed its takeover of the Gestor group, specializing in private client services, by acquiring the remaining 30% interest in Gestor held by other investors. This acquisition enabled the bank to legally combine the different structures of Gestor with those of the bank and to streamline both front and back office operations.

The bank's affiliate, Quilvest Alternative Investment (QAI), established in December 2005 to focus on alternative asset management, launched its first Fund of Funds in May 2006.

In September 2006, the bank created a new subsidiary, Quilvest Capital Partners France (QCP) to manage Private Equity funds. QCP received a license for its operations from the Regulator in October 2006.

The bank has also acquired a 34% participation in the Gaspal Gestion group, to develop a private and institutional client portfolio.

The bank completed a major recruiting campaign in 2006 to reinforce particularly the marketing and communications departments. The new team will allow the bank to reach its goal of increasing recognition of and building upon the Quilvest brand.

In fiscal year 2006, the net result from banking activities reached EUR 19.1 million, surpassing the EUR 17.4 million result of the previous year, while net assets under management increased by approximately 30%, growing to nearly EUR 2 billion.

The initial phase of the new investment program has impacted operating costs without generating related new revenue.

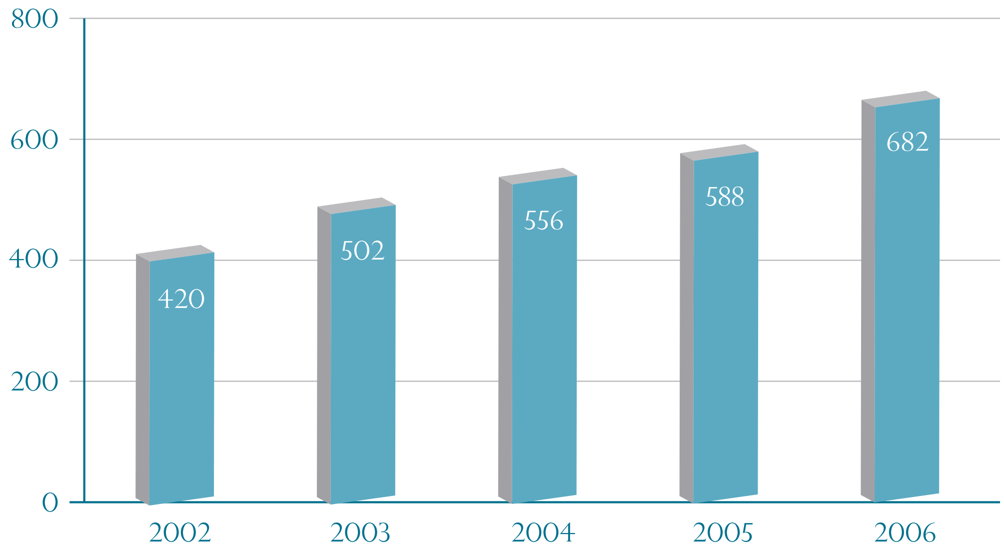
Net profit after tax for fiscal year 2006 amounts to EUR 1.5 million, as compared to the record EUR 2.85 million for the previous year.

Strategic & Financial Investments

	Current valuation
Quilvest Banque Privée	59.3
Société Internationale de Finance	54.8
Quilvest SA (Autocontrol)	1.3
Real Estate	21.5
Total Strategic & Financial Assets	**136.9**

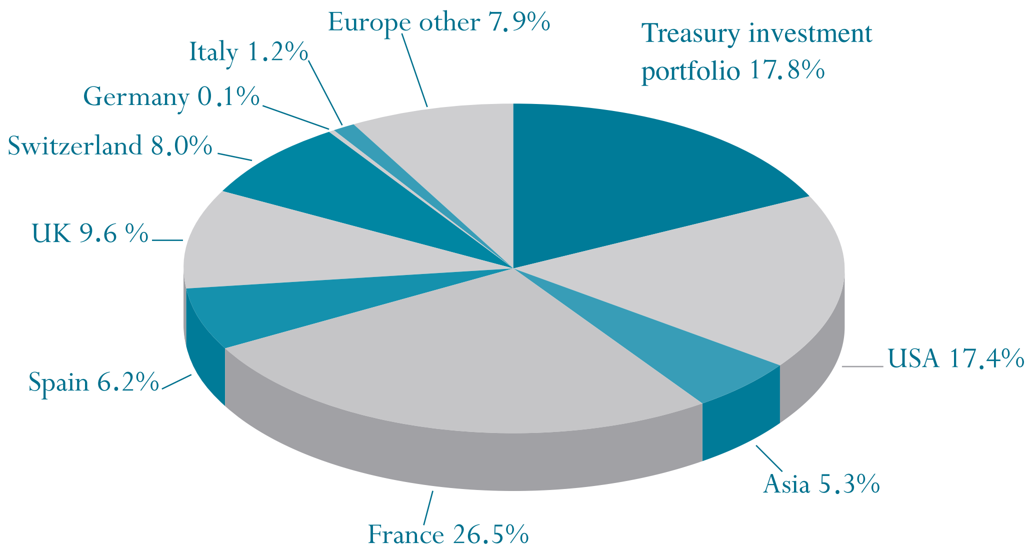
Key figures

Group Net Asset Value (based on management valuation)

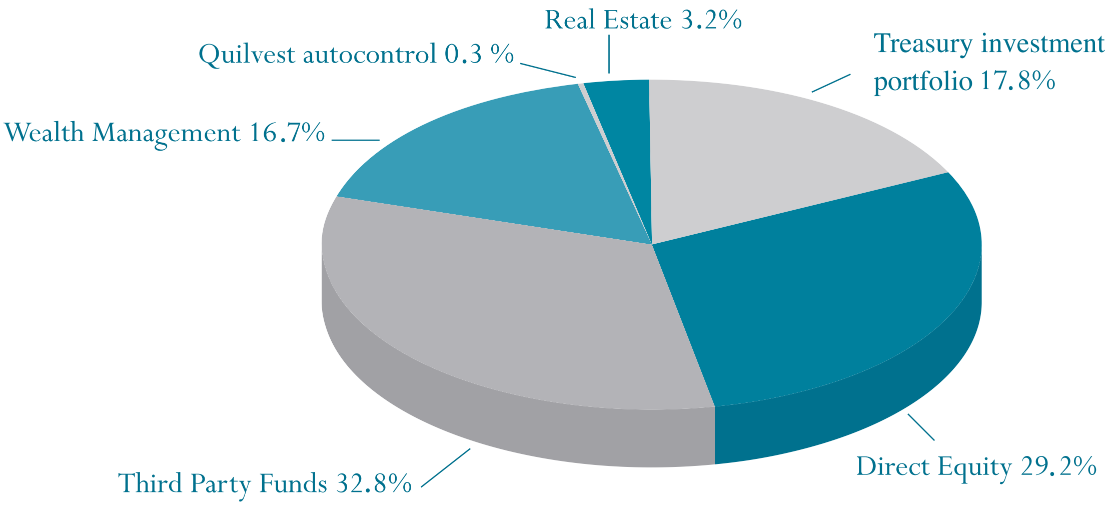


Net Asset Value Based on Management valuation

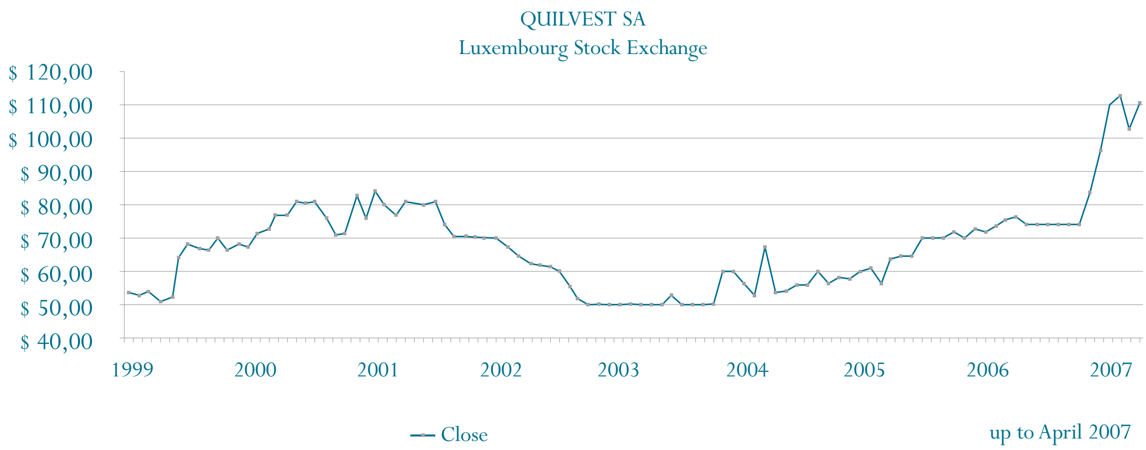
Geographical distribution (based on management valuation)



Distribution by business segment (based on management valuation)



Quilvest S.A. Luxembourg Stock Exchange



Quilvest

Corporate Governance

Quilvest adopted its Corporate Governance Charter on June 4, 2007. An exhaustive version is available on the website of the company.

Quilvest is a Luxembourg limited holding company managed by a Board of Directors. The functions of Chairman of the Board and Chief Executive Officer are separated.

Two Committees assist the Board of Directors in the decision-making process, the Audit Committee created in 2002 and the Remuneration Committee created in 2005.
No Nomination Committee has been created as relevant decisions are prepared directly by the Board.

The Board of Directors held 3 meetings during the financial year 2006. The attendance rate at the meetings was close to 100% in 2006, as only one director was not present at one meeting.

Members of the Board of Directors are the following:

- Alvaro Sainz de Vicuña, Chairman of the Board of Directors
- Christian Baillet, Chief Executive Officer and Vice-Chairman of the Board of Directors
- Peter Bemberg
- François de Carbonnel (independent Director)
- Louis James de Viel Castel
- André Elvinger (independent Director)
- Serge de Ganay
- International Advisory Services, represented by Christian Baillet

Directors' CVs as well as their positions in other listed and non-listed companies are communicated in the Corporate Governance Charter available on the website.

Jean-Benoît Lachaise acts as Secretary.

The Board of Directors is supported in its work by two special-focus Committees of which it appoints the members and the Chairman.

The Company is administered and managed by a Board of Directors (the "Board") consisting of a minimum of three and a maximum of fifteen members appointed by the general meeting. The terms of their office shall not exceed six years; they may be reappointed and dismissed at any time.

The Board of Directors shall elect a chairman from among its members and, if considered appropriate, one or several vice-chairmen and shall determine the period of their office, not exceeding their appointment as director. The chairman has a casting vote in case of a tie and presides at all meetings of the Board of Directors and general meetings of shareholders.

Corporate Governance (continued)

The Board of Directors is invested with the broadest powers to act on behalf of the Company and accomplish or authorize all acts and transactions of management and disposal which are within its corporate purpose and which are not specifically reserved to the general meeting.

The Board of Directors may delegate to one or several directors the powers necessary to carry out its decisions and day-to-day management, and to one or several persons, directors or not, powers deemed to be appropriate for the general technical, administrative and commercial management of the Company, and constitute any committee and determine their functions and authority.

Any director who may, with respect to a transaction submitted to the approval of the Board of Directors, have an interest adverse to that of the Company, shall so notify the Board of Directors and cause such notification to be reflected in the minutes of that meeting. He shall not deliberate on any such transaction. Specially reported at the next succeeding general meeting, prior to any other agenda, shall be those transactions in which a director may have had an interest adverse to that of the Company.

1. The main duties of the Audit Committee are the following:

Its mandate is principally to assist the Board of Directors in continually supervising the internal control and risk environment of Quilvest (including the role of external auditors), its compliance with regulatory and accounting requirements and the quality of financial reporting. The Audit Committee is responsible for alerting the Board of any irregularities it may detect in the Group's financial statements and internal control procedures.

In relation to its responsibility to ensure the relevance and consistency of the accounting methods used to prepare the financial statements and its role of overseeing the relations with the external auditors, the Audit Committee:

- Performs a quality review of the annual and interim consolidated financial statements and the annual accounts of the company submitted by the Executive Management, prior to their examination by the Board of Directors;
- Reviews and challenges the critical and significant accounting policies and disclosure of any unusual transactions;
- Reviews the findings and financial adjustments, and appraises the management letter of the external auditors;
- Conducts the process for the selection of the Group auditors in charge of the audit of the consolidated financial statements, forms an opinion on the amount of fees charged for the performance of audits and submits the results of the selection process to the Board of Directors.

In order to ensure the external auditors' independence and objectivity, it also examines the advisory and other services directly provided by the auditors and their network.

In relation to its responsibility to optimize the internal control system within the Group, the Audit Committee:

- Gives its opinion on the organization of the internal audit function, reviews the group audit planning and receives a summary of internal audit reports on a regular basis.

Corporate Governance (continued)

Audit Committee 2006 activity report

The Audit Committee met three times in 2006. The attendance rate was 100%. Group auditors were present. Its work was particularly concerned with the following points:

- First Group IFRS Financial Statements in 2005; a summary of the main points raised by the Group auditors was reviewed;
- Organization of Group internal audit function;
- Valuation process in the Private Equity business;
- Internal Audit findings;
- Group auditors' fees.

2. The Remuneration Committee

The Remuneration Committee implements the compensation policies which have been discussed and determined by the Board. In particular, it negotiates and finalizes the packages granted to executive management and the compensation schemes of each business unit. On these issues it reports regularly to the Board of Directors.

3. Share Capital

As of December 31, 2006, the Company has an authorized share capital of US$100,000,000.- consisting of a single class represented by 14,794,520 shares without par value, such number including the 5,400,000 shares without par value of the subscribed share capital of US$ 36,500,000. All of the issued shares are paid up in full. The shares are registered or bearer, at the option of the shareholder

Variation of Rights; Amendments of the Company's Articles of Incorporation

All or any of the rights attached to the Shares may from time to time (whether or not the Company is being wound up) be amended by decision of the extraordinary general shareholders' meeting in the manner required for the amendment of the Company's articles of incorporation except that the nationality of the Company may be changed and the commitments of its shareholders may be increased only with the unanimous consent of the shareholders and bondholders. Any provisions of the Company's articles of incorporation may be amended by resolution of the shareholders at an extraordinary general shareholders' meeting.

Changes in Share Capital

The subscribed and the authorized capital of the Company may be increased or reduced by decision of the shareholders in general meeting whose resolutions shall be taken as for the amendment of the Articles.

Corporate Governance (continued)

Ownership threshold

The Board of Directors may restrict or prevent the ownership of shares in the Company by any person if it appears to the Company that such ownership results in a breach of law in Luxembourg or abroad, may make the Company subject to tax in a country other than the Grand Duchy of Luxembourg or may otherwise be detrimental to the Company. For the purpose of this Article, the term "person" includes any physical person, firm or corporate body.

In addition, no person may, without the prior approval of the Board of Directors, directly or indirectly, alone or in connection with his spouse or descendants in direct line, hold on record or as beneficial owner more than 15% of the shares of the Company.

For such purpose the Board of Directors may:

1 decline to issue any share and decline to register any transfer of a share, where it appears that such issue or transfer would or might result in record or beneficial ownership of such share by a person who, by infringement of the provisions set forth above, would hold more than 15% of the shares of the Company;

2 at any time require any person whose name is entered in, or any person seeking to register the transfer of shares on the register of shareholders to furnish the Company with any information which it may consider necessary for the purpose of determining whether or not record or beneficial ownership of more than 15% of the shares of the Company rests or will rest on such person;

3 decline to pay dividends or other distributions to and refuse the admission and the vote at general meetings of shareholders of any person to the extent that such person holds more than 15% of the shares of the Company.

Major Shareholders

A number of individual shareholders are descendants of the Bemberg family, the Company's founders. However, there is no natural or legal person who, to the knowledge of the Company, directly or indirectly, severally or jointly, has exercised or is exercising control of the Company. There is no agreement, known to the Company, binding its shareholders. At the date of reporting, Arconas International Ltd declared, pursuant to the law of the Luxembourg 1992 Law, to hold 15.80% of the voting rights of the Company.
There are no different voting rights for the major shareholders.