Quilvest

Financial Information 2011

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QUILVEST

Directors' Report

The directors present their Annual Report and the audited consolidated financial statements of Quilvest S.A. ("the Company") and its subsidiaries (all together "the Group").

Directors

The directors of the Company who held office during the financial year are listed on page 3 of the General section of the Annual Report.

Principal activity

The Group's principal activities are Private Equity Investment, Private Equity Management and Wealth Management.

Risk management

The Group had identified and classified its main risks in 3 categories: external risks, financial risks and operational risks.

External risks are mainly influenced by the ongoing economic uncertainty and regulatory changes. The continued adverse economic conditions impact the Private Equity and Wealth Management markets, especially as fundraising becomes more challenging and volatility in prices and valuation increases. In this context, the Group has focused on the diversification of its geographical and business diversification, the monitoring of its portfolio and the robustness of its transaction review process whilst retaining its high expertise professionals. In this context, the Group has proven to be resilient.

On the regulatory side, a number of regulatory developments are monitored closely. The impact of the AIFM Directive in Europe and the US financial reform are expected to have the most impact. The Group has engaged in a number of actions to enhance global awareness and ensure compliance with these new requirements in due course.

Financial risks, consisting of credit risk, liquidity risk and market risk, as well as operational risks are described extensively in note 35.

Business review

The business review is presented in the Annual Report as follows:

- Position of the business including the "Net asset value" of the Group at the end of the year (page 4 in "Group Highlights" of the General section of the Annual Report);
- Trends and factors likely to affect the future development, performance and position of the business and review of the Company business (pages 7 to 8 in the "Chief Executive Officer's Statement" of the General section in the Annual Report).

The Corporate Governance report on page 14 of the General section of the Annual Report includes the sections of the business review in respect of:

- Duties and activities of the Audit Committee;
- Role of the Remuneration Committee;
- Role of the Strategic Committee;
- Composition and changes of share capital and shareholders;

Directors' Report (continued)

Financial review

The Group's financial metrics have significantly varied year-on-year. This was primarily driven by two transactions respectively in Wealth Management and Private Equity Business. First, the successful merger of its two banking entities with the Luxembourg bank Compagnie de Banque Privée in May 2011 and at a more modest level the control takeover of STP Products Group which was completed in July 2011.

On the consolidated balance sheet side, total assets stands at to $2.4 billion as compared with $1.4 billion in 2010. The main variations in assets and liabilities are:

- Intangible assets, which increase from $65.6 million to $151.2 million under the effect of the goodwill recognized on the 2 above mentioned acquisitions for respectively $47.9 million and $3.8 million, together with additional intangible assets for $51.1 million.
- Loans and advances to bank customers almost doubled at $488.4 million (2010: $245.4 million), and investments increased to $1,125.8 million (2010: $773.2 million) further to the integration of CBP Quilvest loans and investments portfolio. On the liability side, deposits from banks and bank customers followed a similar trend and increased to $100.8 million and $1,030.9 million respectively ($57.9 million and $200.5 million in 2010).

Excluding non-controlling interests, the net equity remained stable at $726.1 million (compared to $728.5 million in 2010). The change in non-controlling interests from $32.7 million to $99.7 million is mainly resulting from to the business combinations with CBP Quilvest and STP Products. The non-controlling interests stake in the net assets acquired amounted to $65.8 million.

The merger with CBP Quilvest also had material effects on the consolidated income statement. The main evolutions relate to the following captions:

- The difficult market environment that caused a decrease in the net result from directly held investments from $73.0 million to $37.1 million.
- Net result from wealth management reached $63.6 million compared to $44.7 million in 2011.
- Administrative expenses increased to $134.4 million from $95.9 million, including $10.0 million transaction costs incurred on the acquisition of CBP Quilvest and STP Products Group.

Finally, the operating result for 2011 is a loss of $25.4 million (2010: profit of $32.9 million), and the net result for the year is a loss of $33.1 million (2010: profit of $18.1 million), of which group share of $25.3 million.

From a cash flow statement perspective, cash and cash equivalents significantly improved at $403.7 million (2010: $140.0 million). This is primarily driven by net operating cash flows linked to the Wealth Management business that totaled $346.5 million. Net operating cash flows linked to the Private Equity portfolio at fair value are slightly positive at $5.0 million (2010: $-53.2 million). Net cash provided by financing activities amount to $39.5 million (2010:$-65.1 million) and were mostly linked to controlled private equity investments.

Result and dividends

The consolidated result attributable to the shareholders of the Parent Company is a loss of USD 25,313,146. The statutory result of Quilvest S.A. for the year is a loss of USD 21,727,786 (profit of USD 231,077,831 in 2010). No dividends are proposed for distribution in 2012.

QUILVEST

Directors' Report (continued)

Going concern

The directors, having made appropriate enquiries, have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

For this reason they continue to adopt the going concern basis in preparing the financial information.

Substantial interests

As at December 31, 2011, three companies declared to hold more than 5% of the voting rights of the Company. Arconas Holding Limited declared the holding of 15.86% of the voting rights, Lagel Limited declared the holding of 6.19% of the voting rights and Quilvest Strategic Fund SCA SIF declared the holding of 6.14% of the voting rights.

Capital structure and corporate governance

- Details of the capital structure of the Company and details on the share capital and process for changes in share capital subscribed and authorized can be found on page 16 of the Corporate Governance (General section of the Annual Report). All securities are admitted to trading on the regulated market of the Luxembourg stock exchange;
- There are no other restrictions to the transfer of shares to disclose other than those described in the section "Ownership threshold" of the Corporate Governance report;
- The major shareholders are disclosed in the section "Major shareholders" of the Corporate Governance report;
- There is no holder of any securities with special control rights;
- There is no employee share scheme at the level of Quilvest S.A.;
- There is no restriction on voting rights;
- To the best of the knowledge of the Company, there is no agreement between shareholders which may result in restriction on the transfer of securities and/or voting rights;
- The rules governing the appointment and the replacement of Board members as well as their power are disclosed in the section "Members of the Board of Directors" of the Corporate Governance report;
- There are no significant agreements to which the Company is party and which would take effect, alter or terminate, upon a change of control of the Company following a takeover bid;
- The agreements between the Company and its Board members or employees provide for a compensation only for two employees, should a takeover bid occur.

Subsequent events

There are no significant subsequent events to mention in this report.

Auditors

A resolution for the re-appointment of KPMG Luxembourg S.à r.l. as Cabinet de révision agréé of the Company is to be proposed at the forthcoming Annual General Meeting.

Approval

This report was approved by the Board of Directors on April 24, 2012.

On Behalf of the Board of Directors
F. Michel Abouchalache

Report of the Réviseur d'Entreprises agréé to the shareholders
on the Consolidated Financial Statements

Report on the consolidated financial statements
Following our appointment by the General Meeting of the Shareholders dated June 10, 2011, we have audited the accompanying consolidated financial statements of QUILVEST S.A. and its subsidiary companies ("QUILVEST Group"), which comprise the consolidated statement of financial position as at December 31, 2011 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Responsibility of the Réviseur d'Entreprises agréé
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of QUILVEST Group as of December 31, 2011, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements
The consolidated directors' report, including the corporate governance statement, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by law with respect to the corporate governance statement.

Luxembourg, April 27, 2012

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

Thierry Ravasio

QUILVEST

Consolidated Financial Statements

Consolidated Statement of Financial Position

for the financial years ended December 31, 2011 and 2010 in $ '000

	Notes	2011	2010
Assets			
Cash and cash equivalents	3	403,737	140,040
Income tax receivable		1,933	1,122
Loans and advances to banks	4	38,777	21,281
Loans and advances to bank customers	5	488,387	245,453
Other receivables, accrued income and prepaid expenses	6	91,541	49,431
Investments	7	1,125,838	773,201
Property, plant and equipment	8	76,779	62,370
Investment property	9	7,969	8,240
Intangible assets	10	151,245	65,600
Investments in associates	11	731	689
Deferred tax assets	12	12,680	277
Total assets		**2,399,617**	**1,367,704**
Liabilities and equity			
Financial liabilities held for trading	7	24,053	1,226
Income tax payable		1,275	801
Deposits from banks	13	100,822	57,896
Deposits from bank customers	14	1,030,922	200,478
Other liabilities, deferred income and accrued expenses	15	85,676	78,850
Interest-bearing liabilities	16	303,409	253,750
Employee benefit obligations	17	664	468
Provisions	18	2,125	2,638
Deferred tax liabilities	12	24,865	10,399
Total liabilities		**1,573,811**	**606,506**
Share capital	19	44,990	44,990
Share premium	19	110,248	110,248
Treasury shares	20	(3,188)	(2,686)
Reserves	21	7,335	16,662
Retained earnings	21	592,005	546,425
Profit/(Loss) for the year - Group share	21	(25,313)	12,824
Total equity attributable to shareholders of the parent		**726,078**	**728,463**
Non-controlling interests	22	99,727	32,735
Total equity		**825,806**	**761,198**
Total liabilities and equity		**2,399,617**	**1,367,704**

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

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

for the financial years ended December 31, 2011 and 2010 in $ '000

	Notes	2011	2010
Net result from directly held investments	25	37,060	73,045
Net result from wealth management activities	26	63,584	44,665
Other operating income, net	27	26,393	20,566
General administrative expenses	28	(134,403)	(95,906)
Depreciation, amortization and impairment losses	29	(18,043)	(9,420)
Operating result		(25,410)	32,950
Financial income	30	26,776	20,294
Financial expenses	31	(36,989)	(32,679)
Income from associates	32	105	67
Profit/(Loss) before tax		(35,519)	20,632
Income tax expense	33	2,444	(2,555)
Profit/(Loss) for the year		(33,075)	18,077
Gain on property revaluation		2,603	4,355
Available-for-sale financial assets		(2,904)	-
Foreign currency translation differences		(17,067)	(7,255)
Income tax on other comprehensive income		33	(1,452)
Total comprehensive income for the year		(50,410)	13,725
Profit/(Loss) attributable to:			
Shareholders of parent company		(25,313)	12,824
Non-controlling interests	22	(7,762)	5,253
Total comprehensive income attributable to:			
Shareholders of parent company		(34,640)	1,014
Non-controlling interests		(15,770)	12,711
Earnings per share (in $)			
Basic	24	(3.8)	1.9
Diluted	24	(3.8)	1.9

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

Consolidated Financial Statements

Consolidated Cash flow Statement

for the financial years ended December 31, 2011 and 2010 in $ '000

	Note	2011	2010
Operating cash flows directly linked to the Private Equity Business			
Acquisition of PE investments		(224,407)	(239,885)
Proceeds from sale of PE investments		229,074	185,386
Dividends received from PE investments		283	821
Interests received from PE investments		2	4
Operating cash flows directly linked to the Wealth Management Business			
Net interest income		10,913	4,662
Net fee and commission income		52,030	37,125
Cash movements in loans and advances to banks and bank customers		46,914	(107,018)
Cash movements in loans and advances from banks and bank customers		242,731	73,264
Other cash movements related to the Wealth Management Business		(6,004)	5,323
Other operating cash flow movements			
Cash paid to suppliers and employees		(144,146)	(92,459)
Income taxes paid		(1,771)	(3,928)
Net cash from other operating activities		34,811	25,374
Net cash provided by / (used in) operating activities		**240,428**	**(111,331)**
Acquisition of investments		(155,313)	(62,590)
Proceeds from sale of investments		166,012	58,747
Cash movements in deposits to banks, corporate		-	37,362
Acquisition of property, plant and equipment		(9,613)	(13,621)
Proceeds from disposal of property, plant and equipment		36	17
Acquisition of intangible assets		(918)	(183)
Proceeds from disposal of investment in associates		310	666
Acquisition of subsidiaries, net of cash acquired	1	(48)	-
Purchase of non-controlling interests		-	-
Interests received		264	954
Dividends received		700	492
Net cash provided by / (used in) investing activities		**1,429**	**21,844**
Proceeds from interest-bearing liabilities		65,605	7,204
Repayment of interest-bearing liabilities		(9,561)	(28,243)
(Decrease)/Increase in short-term financing		78	(498)
Repurchase of treasury shares		(502)	(1,337)
Proceeds from treasury shares		-	999
Contributions from non-controlling interests		33,072	8,529
Distributions to non-controlling interests		(6,056)	(12,864)
Interests paid		(22,156)	(18,857)
Dividends paid		(20,966)	(20,015)
Net cash provided by / (used in) financing activities		**39,513**	**(65,082)**
Net increase / (decrease) in cash and cash equivalents		**281,371**	**(154,569)**
Cash and cash equivalents at the beginning of the year		140,040	295,907
Effect of exchange rate fluctuations on cash and cash equivalents held		(17,673)	(1,298)
Cash and cash equivalents at the end of the year		**403,737**	**140,040**

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

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

for the financial years ended December 31, 2011 and 2010 in $ '000

	Share Capital	Share Premium	Treasury shares	Reserves & Retained earnings	Total attributable to owners of the parent entity	Non-controlling interests	Total Equity
Notes	19	19	20	21		22	
Balance at January 1, 2010	44,990	130,263	(2,798)	574,451	746,906	24,359	771,265
Total comprehensive income for the year							
Profit for the year	-	-	-	12,824	12,824	5,253	18,077
Other comprehensive income							
Gain on property revaluation, net of deferred tax	-	-	-	2,903	2,903	-	2,903
Foreign currency translation differences	-	-	-	(14,713)	(14,713)	7,458	(7,255)
Total other comprehensive income	-	-	-	(11,810)	(11,810)	7,458	(4,352)
Total comprehensive income for the year	-	-	-	1,014	1,014	12,711	13,725
Transactions with owners, recorded directly in equity							
Repurchase of treasury shares	-	-	(1,337)	-	(1,337)	-	(1,337)
Sale of treasury shares	-	-	1,449	446	1,895	-	1,895
Contributions from non-controlling interests	-	-	-	-	-	8,529	8,529
Distributions to non-controlling interests	-	-	-	-	-	(12,864)	(12,864)
Dividends paid	-	(20,015)	-	-	(20,015)	-	(20,015)
Total transactions with owners	-	(20,015)	112	446	(19,457)	(4,335)	(23,792)
Balance at December 31, 2010	44,990	110,248	(2,686)	575,911	728,463	32,735	761,198
Balance at January 1, 2011	44,990	110,248	(2,686)	575,911	728,463	32,735	761,198
Total comprehensive income for the year							
Loss for the year	-	-	-	(25,313)	(25,313)	(7,762)	(33,075)
Other comprehensive income							
Gain on property revaluation, net of deferred tax	-	-	-	1,735	1,735	-	1,735
Available-for-sale financial assets, net of deferred tax	-	-	-	(1,328)	(1,328)	(674)	(2,003)
Foreign currency translation differences	-	-	-	(9,733)	(9,733)	(7,334)	(17,067)
Total other comprehensive income	-	-	-	(9,327)	(9,327)	(8,008)	(17,335)
Total comprehensive income for the year	-	-	-	(34,640)	(34,640)	(15,770)	(50,410)
Transactions with owners, recorded directly in equity							
Repurchase of treasury shares	-	-	(502)	-	(502)	-	(502)
Transactions with non-controlling interests	-	-	-	53,722	53,722	27,978	81,700
Non-controlling interests acquired in business combinations	-	-	-	-	-	44,513	44,513
Contributions from non-controlling interests	-	-	-	-	-	16,326	16,326
Distributions to non-controlling interests	-	-	-	-	-	(6,056)	(6,056)
Dividends paid	-	-	-	(20,966)	(20,966)	-	(20,966)
Total transactions with owners	-	-	(502)	32,756	32,254	82,762	115,016
Balance at December 31, 2011	44,990	110,248	(3,188)	574,027	726,078	99,727	825,806

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

Quilvest

Significant Accounting Policies

Summary of Activities

QUILVEST S.A. (the "Company") is a Luxembourg company incorporated under the laws of August 10, 1915 as amended. The Company is listed on the regulated market of the Luxembourg Stock Exchange. The Company's status as a tax exempted billionaire holding company was maintained until December 31, 2010. As of January 1, 2011 the Company changed its status from a 1929 Holding to a Company subject to tax under general Luxembourg tax law.

The consolidated financial statements of the Company as at and for the year ended December 31, 2011 comprise the Company and its subsidiaries (together referred to as the "Group").

The Company is directly controlling three sub-holding companies, Quilvest Europe S.A., Luxembourg, Quilvest&Partners S.A., Luxembourg and the newly created Quilvest Wealth Management S.A., Luxembourg (note 1 Changes in the scope of consolidation and ownership interests). Quilvest Switzerland Ltd., Quilvest Banque Privée S.A. and the newly acquired CBP Quilvest ("CBP" or "Compagnie de Banque Privée Quilvest" thereafter), were transferred to Quilvest Wealth Management S.A. and are involved in wealth management activities.

Quilvest Europe S.A., Luxembourg, controls Quilvest France S.A.S. and Quilvest Private Equity Ltd. Quilvest France S.A.S. makes public and private investments in France and is also a shareholder of Quilvest Wealth Management S.A..

Quilvest Private Equity Ltd. and its subsidiaries are investment holding companies, investing both directly and indirectly. The investments include equity, debt and fund investments in private equity made worldwide.

Quilvest Wealth Management S.A., Luxembourg owns 66.32% of Quilvest Banque Privée S.A., Quilvest Switzerland Ltd. and Compagnie de Banque Privée Quilvest.

Quilvest Banque Privée S.A. in Paris, France is a bank, and its main activities consist of asset management and investment advisory services.

Quilvest Switzerland Ltd. in Zurich, Switzerland is a licensed Securities Dealer, and its principal business is the coordination and administration of globally invested assets. It is not directly engaged in asset management but provides investment advisory services.

Compagnie de Banque Privée Quilvest in Luxembourg is a bank and its main activities consist of asset management and investment advisory services.

Basis of Preparation and Statement of Compliance

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

The consolidated financial statements are presented in US Dollars and rounded to the nearest thousand. They are prepared on the historical cost basis except for the following assets and liabilities which are stated at their fair value : derivative financial instruments, financial investments at fair value through profit and loss, investment property and own-used property.

These consolidated financial statements were authorized for issue by the Board of Directors on April 24, 2012 and are subject to approval by the shareholders' meeting of June 15, 2012.

Significant Accounting Policies (continued)

Use of Accounting Estimates and Judgements

The application of the Group's accounting policies require management to make judgements that can have a significant effect on the amounts recognized in the consolidated financial statements. Estimates and assumptions may affect the reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and underlying assumptions are based on historical experience, on information linked to the close follow-up of the underlying investments and on market-driven comparison factors. Actual results may differ from these estimates.

The most significant estimates and assumptions concern the fair value of the financial investments, the assumptions related to the valuation of land and building, the valuation of goodwill and the actuarial assumptions related to the employee benefits. Significant accounting estimates and judgements are required by the accounting for business combination, in relation with the identification and valuation of intangible assets and consideration paid (note 1 Changes in the scope of consolidation and ownership interests) and the determination of control.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Basis of Consolidation

Subsidiaries

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control begins until the date that control ceases.

Associates

Associates are the enterprises in which the Group has significant influence, but no control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized profits and losses of associates on an equity accounting basis (equity method), from the date that significant influence commences until the date that significant influence ceases. When an associate makes losses, the Group's share of losses is recognized until the carrying amount of the associate is reduced to nil. Recognition of further losses is discontinued unless the Group has incurred an obligation to cover such losses.

Special Purpose Entity

Special purpose entities (SPEs) are entities that are created to accomplish a narrow and well-defined objective such as the acquisition and holding of particular assets, or the execution of a specific borrowing or lending transaction. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. The following circumstances may indicate a relationship in which, in substance, the Group controls and consequently consolidates an SPE.

- The activities of the SPE are being conducted on behalf of the Group according to its specific business needs so that the Group obtains benefits from the SPE's operation.
- The Group has the decision-making powers to obtain the majority of the benefits of the activities of the SPE.
- The Group has rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incident to the activities of the SPE.
- The Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

Significant Accounting Policies (continued)

The assessment of whether the Group has control over an SPE is carried out at inception and normally no further reassessment of control is carried out in the absence of changes in the structure or terms of the SPE, or additional transactions between the Group and the SPE. Day-to-day changes in market conditions normally do not lead to a reassessment of control. However, sometimes changes in market conditions may alter the substance of the relationship between the Group and the SPE and in such instances the Group determines whether the change warrants a reassessment of control based on the specific facts and circumstances. Where the Group's voluntary actions, such as lending amounts in excess of existing liquidity facilities or extending terms beyond those established originally, change the relationship between the Group and an SPE, the Group performs a reassessment of control over the SPE.

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealized gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the investee, as an adjustment to the carrying amount of the investment. Unrealized losses are eliminated in the same way as unrealized gains, to the extent that there is no evidence of impairment.

Foreign Currency

Translation principles at entity level

Items included in the financial statements of each of the Group entities are measured using their functional currency, being the currency of the primary economic environment in which the entity operates.

Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of the transactions or the average exchange rate for a month.

Monetary assets and liabilities items denominated in foreign currencies are translated at the reporting date into the appropriate functional currency at the exchange rate at that date. Foreign exchange gains or losses arising on translation are recognized in profit and loss.

Translation principles of foreign operations

Income and expenses of the entities which have a functional currency different from the Group reporting currency and which are fully integrated are translated into the US dollar at the average rate for the period. The assets and liabilities of these entities including goodwill and fair value adjustments arising on consolidation are translated at the spot rates at the balance sheet date. The resulting translation differences are included in equity. The cash flow movements are translated at the average rate for the period and an exchange rate difference is recognized by reconciling the movements translated at average rate with the cash at the beginning of the period translated at the spot rate prevailing at previous statement of financial position date and the spot rate at the current statement of financial position date.

Currency exchange rates

The following exchange rates were used for translating Euros, Swiss francs and British pounds, which are the most important foreign currencies used in the Group.

	USD/EUR	USD/CHF	USD/GBP
Year-end 2009	0,69852	1,03889	0,62954
Average 2010	0,75303	1,04128	0,64704
Year-end 2010	0,75185	0,93910	0,64824
Average 2011	0,71919	0,88865	0,62593
Year-end 2011	0,77365	0,94045	0,64850

Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash in hand, postal and bank accounts as well as short-term highly liquid financial instruments with an original maturity of less than 90 days and insignificant risk of change in value.

Loans and Advances to Banks and Customers and Other Receivables

The loans, advances and receivables are initially recognized at cost, which is the fair value of the consideration given, including transaction costs that are directly attributable to the acquisition of the asset. Loans and receivables are subsequently measured at their amortized cost. An impairment test is applied at each closing date on loans and advances by assessing their contractual terms to specific counterparty and country risk exposure. Impairment losses and reversals of impairment losses are recognized in the profit or loss.

Financial Instruments and Fair Values

Classification

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity or available-for-sale financial assets while financial liabilities are classified as financial liabilities at FVPL and financial liabilities carried at amortised cost.

The Group's investments primarily relate to private equity investments. These investments are stated at fair value on an item-by-item basis, as determined by the Investment Managers and approved by the Board of Directors. According to Quilvest's investment strategy, all in-house managed financial assets (equity and debt instruments) of Private Equity segment are designated upon initial recognition at fair value through profit and loss account. In Wealth Management segment, the designation upon initial recognition at fair value through profit and loss account is applicable for the fixed income debt portfolio hedged for interest rate risk and the portfolio of structured medium term notes. The Group does not have any financial instruments classified as held to maturity.

Financial instruments at Fair Value through Value or Loss ("FVPL")

The Group classifies its investments in debt and equity investments, investment-related loans and private equity funds, and derivatives, as financial assets or liabilities that are classified as held for trading or designated by the management at fair value through profit or loss at inception.

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

Financial instruments held for trading

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purposes of selling or repurchasing in the short term. Within the Group, this category is exclusively used for derivatives. The Group does not classify any derivatives as hedges in a hedging relationship. Derivatives are carried as financial assets held for trading when the fair value is positive and as financial liabilities held for trading when the fair value is negative.

Significant Accounting Policies (continued)

Financial instruments designated at fair value through profit or loss at inception

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Group's documented investment strategy. These financial assets include direct debt or equity investments, investments in mutual and private equity funds.

Investments in associates are classified as "designated at fair value through profit or loss" upon initial recognition following the scope exclusion of IAS 28 for venture capital organisations.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category includes loans and advances to banks, and loans and advances to bank customers and cash and cash equivalents.

Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivative financial assets that are designated as being available for sale or are not classified as: loans and receivables, investments held to maturity or financial assets at fair value through profit or loss. AFS financial assets include mainly fixed income/debt securities managed as part of the wealth management activities.

Financial liabilities carried at amortised cost

This category includes deposits from banks, deposits from bank customers, convertible bonds and other financial liabilities.

Initial recognition and derecognition

Regular purchases and sales of investments are recognised on the settlement date at fair value. Except for financial assets at FVPL, the initial measurement of financial assets includes transaction costs. Transaction costs related to financial assets at FVPL are expensed as incurred in the profit or loss. AFS securities are initially recognized at fair value, inclusive of transaction costs directly attributable to the acquisition and accrued coupons.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Subsequent measurement

Financial instruments at FVPL

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. Unrealised and realised gains and losses arising from changes in the fair value are presented in the statement of comprehensive income within "Net result from directly held investments". Changes in fair value due to currency gains or losses are not separately recognized, but included in the change in fair value in the profit or loss in the statement of comprehensive income.

Significant Accounting Policies (continued)

Available-for-sale financial assets

AFS securities are subsequently measured at fair value. Changes in fair value are recorded in "Other comprehensive income" under "Revaluation reserve". Accrued interests on AFS securities is reported in AFS financial assets account under "Investments" heading and interest from investments under the "Net result from directly held investments" in profit or loss account. In the event of a disposal, the gains or losses recognised in revaluation reserve are recycled in the profit or loss under "Net result from directly held investments". Premium/discount amortization of fixed income securities is recognized in the profit or loss using the effective interest rate method.

Loans and receivables and financial liabilities carried at amortised cost

Loans and receivables and financial liabilities carried at amortised cost are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Determination of fair values

Valuation of investments in funds

Investments in limited partnerships and private equity funds are valued based on the latest net asset value (NAV), which represents the fair value, reported by the administrator or the general partner of the fund or partnership. Where no such information is available for the reporting date itself, the valuation is based on the latest NAV information available, adjusted for any deterioration/improvement in general market valuation conditions and adjusted for additional cash movements up to the reporting date.

Valuation of other unquoted investments

The fair value of unquoted instruments is based on the Group's valuation models, including earnings multiples (based on the latest management accounts available, actual or estimated, budgeted earnings or historical earnings of the issuer and earnings multiples of comparable listed companies) and discounted cash flow models. The Group also considers original transaction price and relevant developments since the acquisition of the investments, recent transactions in the same or similar investments and completed third-party transactions in comparable instruments, and reliable indicative offers from potential buyers. It adjusts the model as deemed necessary for factors such as non-maintainable earnings.

Although the Management uses its best judgement in estimating the fair value of investments, there are inherent limitations in any estimation techniques.

The fair value estimates presented herein are not necessarily indicative of an amount the Group could realise in a current transaction. Future confirming events will also affect the estimates of fair value. The effect of such events on the estimates of fair value, including the ultimate liquidation of investments, could be material to the financial statements.

Valuation of derivatives

The Group uses derivative financial instruments such as forward contracts, options and interest rate swaps. Those instruments are valued based on the difference between agreed price of selling or buying the financial instruments on a future date and the price quoted on the year end date for selling or buying the same or similar financial instruments.

Significant Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment other than buildings are stated at cost less accumulated depreciation and impairment losses. Expenditures are capitalized as separate assets, only when it is probable that future economic benefits associated with an item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged in the profit or loss, as expenses as they are incurred.

Depreciation is charged in the profit or loss on a straight-line basis over the estimated useful lives of property, plant and equipment. Land is revalued but not depreciated. The estimated useful lives are as follows:

• Buildings	50 years
• Fixtures and Fittings	2-10 years
• Cars	2-5 years
• EDP	3 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each statement of financial position date. Own-used buildings are carried at a revalued amount, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Any surplus arising on the revaluation is recognized directly in the revaluation reserve within equity. If the fair value of the building is decreased as result of a revaluation, the decrease is charged in the statement of comprehensive income, only if the decrease exceeds the amount previously recognized in equity.

Investment property

Investment property is mainly held for rental income or for capital appreciation. Investment property is measured at fair value, with changes in fair value recognized through profit or loss.

Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired. Goodwill is tested yearly for impairment and is carried at cost less accumulated impairment losses.

Other intangible assets

Software acquired by the Group is stated at cost less accumulated amortization and impairment losses. It is amortized over 2-5 years on a straight-line basis.

Intangible assets identified in a business combination are intially recognized at fair value and amortized on a straight line basis over the estimated useful life, as follows:

• customer relationship	10-20 years
• brand	5 years
• core customers deposits	20 years

Significant Accounting Policies (continued)

Impairment

Impairment of financial assets

At each balance sheet date the Group assesses whether there is objective evidence that financial assets other than financial assets at fair value through profit or loss are impaired.

Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy or the disappearance of an active market for a security.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on the impaired asset continues to be recognised through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. The recoverable amount of goodwill is estimated annually.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a prorata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Significant Accounting Policies (continued)

Deposits, Interest-bearing liabilities and Other liabilities

Deposits, interest-bearing liabilities and other liabilities are recognized initially at cost, being the fair value of the consideration received less attributable transaction costs. Subsequent to initial recognition, liabilities are measured at amortized cost with any differences between cost and redemption value being recognized in the profit and loss over the period of the liabilities on an effective interest rate basis.

Employee benefit obligations

The Group sponsors pension plans according to the national regulations of the countries in which it operates. The significant pension plans in France and Switzerland qualify as defined benefit plans under IAS 19. The respective employee benefit costs are determined in accordance with the Projected Unit Credit Method. Actuarial calculations are conducted on an annual basis. Any excess of the defined benefit obligation over the fair value of plan assets is initially recognized and presented under employee benefit obligations. A pension asset is recognized only to the extent that it represents economic benefits in the form of refunds or reductions in future contributions. Actuarial gains and losses arising from subsequent calculations are recognized to the extent that they exceed 10% of the greater of the defined benefit and the fair value of the plan assets. The amount exceeding this corridor is amortized over the average remaining working lives of the employees participating in the plan.

The pension plan in Luxembourg is a defined contribution plan. The pension costs recognized during a period for such plans equal to the contributions paid or due for that period.

Provisions

A provision is recognized on the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Significant Accounting Policies (continued)

Equity

Ordinary shares with discretionary dividends are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they are declared. External costs directly attributable to the issuance of new shares are presented net of the related tax, as a deduction from the proceeds in equity.

When the Group purchases the Company's own shares, the consideration paid, including any attributable transaction cost, net of income tax, is presented as treasury shares and deducted from equity. Where such shares are subsequently sold or reissued, any consideration received is included in equity.

Share-based payments

The Group operates a cash-settled, share-based payment compensation plan in one of its banking subsidiaries. The plan relates to a French subsidiary of the Group and does not concern potential emission of shares of the Company. This subsidiary grants to its employees a right to receive a future cash payment by granting to them a right to shares to be issued upon the exercise of share options, which are redeemable, either mandatorily (upon cessation of employment) or at the employee's option.

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. Additionally, the company recognizes a liability for the redemption of the shares. The liability is measured initially, and at each reporting date until settled, at the fair value of the options by applying an option pricing model. Once the options are exercised, the liability is revalued at the fair value of the redeemable shares. The liability is written off when the shares are redeemed.

Net result from directly held investments

Net result from directly held investments includes interest, dividend income, fair value changes on investments classified at fair value through profit and loss and held for trading, impairment losses on investments classified as available for sale and net result from controlled Private Equity investments. Interest income on debt securities or on loans is recognized as it accrues, taking into account the effective yield on the asset. Dividend income is recognized on the date that the dividend is declared. Net result from controlled Private Equity investments corresponds to the earnings before interest, tax, depreciation and amortization of the corresponding entities.

Net result from wealth management activities

Net result from wealth management activities includes interest income and expenses on loans and advances to/from banks and bank customers, impairment losses on loans and fee and commission income. Brokerage fees earned from executing securities transactions are recorded when the service has been provided. Portfolio and other management, advisory and other service fees are recognized based on the terms of the applicable service contracts. Asset management fees related to investment funds are recognized prorata temporis over the period the service is provided. The same principle is applied to fees earned for wealth management financial planning and custody services that are continuously provided over an extended period of time.

Significant Accounting Policies (continued)

Carried interest

Carried interest receivable

The Group earns a share of profits ("carried interest receivable") from target investments which it manages on behalf of third parties. These profits are earned once the investments meet certain performance conditions.

Carried interest receivable is only accrued if the performance conditions of those investments, measured at the balance sheet date, are met based on the assumption that the underlying assets are realised at fair value. The accrual is made on the Group's share of profit in excess of the performance conditions.

Carried interest payable

The Group offers investment executives the opportunity to participate into the returns from successful investments. "Carried interest payable" is the term used for amounts payable to executives on investment-related transactions. A variety of asset-pooling arrangements is in place so that executives may have an interest in one or more carried interest schemes.

Carried interest payable is only accrued on those schemes in which the performance conditions, measured at the balance sheet date, would have been achieved if the remaining assets in the scheme were realised at fair value. The accrual corresponding to the executives' share of profits is made on the excess of the performance conditions of the different existing schemes.

Income tax

Income tax on the profit or loss for the year is comprised of current and deferred taxes. Income tax is recognized in the profit or loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, plus any adjustment to tax payable relating to previous years.

Deferred tax is recognized based on the balance sheet liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not accounted for: goodwill non-deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries, to the extent that they will probably not be reversed in the foreseeable future. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of the financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be used. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized when the liability to pay the related dividend is incurred.

Significant Accounting Policies (continued)

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible bonds.

Segment information

The Group's primary dimension for segment reporting is business segments. The risks and returns of the Group's operations are primarily determined by the different business activities rather than the different locations of the Group's activity. This is reflected by the Group's management and organizational structure and internal financial reporting systems.

Business segments

As of January 1, 2011 the Group reassessed its operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker.

The Group has three areas of activity which are presented as the business segments "Private Equity Investment", "Private Equity Management" and "Wealth Management".

The Private Equity Investment segment is mostly concentrated in Quilvest Private Equity Ltd. and its subsidiaries. The Private Equity segment includes investments at fair value and investments controlled by the Group which are therefore consolidated ("Controlled Private Equity investments").

The Private Equity Management segment is mostly concentrated on Quilvest and Partners S.A. and its subsidiaries. The activities of this segment, which is reported separately for the first time in 2011, focus on the management of the Private Equity portfolio from funds raising to investment/divestment.

The Wealth Management segment is concentrated in its private banking structures, Quilvest Switzerland Ltd. in Zurich, Quilvest Banque Privée S.A. in Paris and CBP Quilvest S.A. in Luxembourg.

Inter-segment transactions are reported in note 34 Segment Information.

Geographical information

The Private Equity business operates worldwide, principally in Europe, in America and in Asia.

QUILVEST

Significant Accounting Policies (continued)

New IFRS standards, amendments and IFRIC interpretations

1) New and amended standards

The following standards and amendments, which became effective in 2011 are relevant to the Group:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IAS 24 (revised)	Related party disclosures	January 1, 2011
IFRS 7 (amendments)	Financial instruments: Disclosures	January 1, 2011

IAS 24 (revised) - Related party disclosures

The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The standard has not yet been endorsed by the EU. The new definition clarifies in which circumstances, persons and key management personnel affect related party relationships of an entity. When the revised standard is applied, the group and the parent will need to disclose any transactions between its subsidiaries and its associates. The application of the amendment has no impact on the financial position and performance of the Group.

IFRS 7 (amendments) - Financial instruments: Disclosures

The amendment was part of the IASB's annual improvement project published in May 2010. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. Adoption of this amendment did not have a significant impact on the Group's financial statements.

Improvements to IFRS were issued in May 2010 and contain several amendments to IFRS, which the IASB considers non-urgent but necessary. Improvements to IFRS comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments relating to a variety of individual standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2011. There are no material changes to accounting policies as result of these amendments.

The following standards amendments and interpretations became effective in 2011, but were not relevant for the Group's operations:

Standard/interpretation	Content	Applicable for financial years beginning on/after
Amendments to IFRIC 14	Prepayments of a minimum funding requirement	February 1, 2010
Amendments to IAS 32	Distribution of non-cash assets to owners	January 1, 2011
IFRIC 19	Extinguishing financial liabilities with equity instruments	July 1, 2010

Significant Accounting Policies (continued)

2) Standards and interpretations issued but not yet effective

The following standards and interpretations have been issued and are mandatory for the Group's accounting periods beginning on or after 1 January 2012 or later periods and are expected to be relevant to the Group:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IAS 19 (amendments)	Employee benefits	January 1, 2013
IAS 12 (amendments)	Income tax	January 1, 2012
IFRS 13	Fair value measurement	January 1, 2012
IFRS 10	Consolidated financial statements	January 1, 2013
IFRS 12	Disclosures of interests in other entities	January 1, 2013
IFRS 9	Financial instruments part 1: Classification and measurement	January 1, 2015

IAS 19 (amendments) - Employee benefits

The impact on the group will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in OCI as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group is yet to assess the full impact of the amendments.

IAS 12 (amendments) - Income tax

The current principle in IAS 12 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way that management expects to recover or settle the carrying amount of the entity's assets or liabilities. Management's expectations can affect the measurement of deferred taxes when different tax rates or tax bases apply to the profits generated from using and selling the asset. The IASB has added another exception to the principles in IAS 12: the rebuttable presumption that investment property measured at fair value is recovered entirely by sale. The presumption of recovery entirely by sale is rebutted if the investment property is depreciable (for example, buildings, and land held under a lease) and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The tax rates and the tax base applied for the group's investment properties are consistent with the new amendments. The Group is yet to assess the full impact of the amendments. The new amendments had not yet been endorsed by the EU.

IFRS 13 - Fair value measurement

Fair value measurement, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group is yet to assess IFRS 13's full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after 1 January 2012.

Significant Accounting Policies (continued)

IFRS 10 - Consolidated financial statements

Consolidated financial statements builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The new standard will impact the consolidation scope in the area of special purposes vehicles and their underlying investments. The group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013.

IFRS 12 - Disclosures of interests in other entities

Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013.

IFRS 9 - Financial instruments part 1: Classification and measurement

IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.
- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.
- While adoption of IFRS 9 is mandatory from 1 January 2015, earlier adoption is permitted.

The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption by the Group.

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

Notes to the Consolidated Financial Statements

1) Changes in the scope of consolidation and ownership interests

In 2011, the following changes in the scope of consolidation were integrated in these financial statements.

Purchase of non-controlling interests

On September 29, 2011, the Group acquired the remaining 16.20% of the issued share capital of Multigestion Finance Holding for EUR 0.9 million (USD 1.2 million). Compared with the acquisition date, no additional goodwill was recognized as the result of the transaction.

On December 15, 2011, the Group acquired the remaining 15% of the issued share capital of QLB Holding for EUR 5.3 million (USD 6.9 million). This had no significant effect on the goodwill as the goodwill was already recognized on the put option in place as at December 31, 2010.

Business combinations

CBP Quilvest

On May 3, 2011 the Group combined its Weath Management structure with Compagnie de Banque Privée Quilvest ("CBP Quilvest") (previously Compagnie de Banque Privée), a Luxembourg incorporated wealth management bank. The business combination was completed by the contribution in kind of 100% shares of Quilvest Switzerland, Quilvest Banque Privée and Compagnie de Banque Privée, in exchange of shares of Quilvest Wealth Management, a new incorporated holding in Luxembourg. The Group received 66.32% of economic and voting interests in Quilvest Wealth Management, in exchange of 100% of contributed shares of Quilvest Switzerland and Quilvest Banque Privée, 4,738 shares of Compagnie de Banque Privée Quilvest and a deferred cash payment of EUR 1.8 million (USD 2.6 million) as capital increase.

Quilvest Switzerland, Quilvest Banque Privée and Compagnie de Banque Privée Quilvest shares were valued based on market and income approach for EUR 119.3 million (USD 177.1 million), EUR 44.2 million (USD 65.6 million), respectively EUR 106.4 million (USD 157.8 milllion). The 4,738 shares of Compagnie de Banque Privée Quilvest were acquired in the context of the above transaction, for a consideration paid in cash of EUR 15.5 million (USD 22.9 million).

Non-controlling interests acquired in business combination were valued at their proportional share in the net identifiable assets and liabilities. Non-controlling interests in Quilvest Switzerland and Quilvest Banque Privée resulting as part of the transaction were valued at their proportional share of the carrying amounts of Quilvest Switzerland and Quilvest Banque Privée. The difference between the fair value received and the carrying amount has been recorded in retained earnings for USD 53.7 million.

The fair value of the acquired identified intangible assets which includes customer relationship, core customer deposists intangible and brand amounts to EUR 19.4 million (USD 28.8 million).

Total transaction related costs of USD 4.9 million (USD 1.2 million in 2010) were accounted for as "Other administrative expenses".

Notes to the Consolidated Financial Statements (continued)

The net consolidated result of CBP Quilvest for the eight month period to December 31, 2011 is a loss of EUR 3,9 million (USD 5.5 million), including a "Net income on directly held investments" of EUR 2.1 million (USD 3.0 million, and a "Net income from wealth management" of EUR 8.9 million (USD 12.4 million).

Had CBP Quilvest been consolidated as from January 1, 2011, its contribution to the Group result would have been a loss of EUR 3.8 million, including a "Net income on directly held investments" of EUR 4.0 million (USD 5.5 million) and a "Net income from wealth management" of EUR 13.0 million (USD 18.0 million).

STP Products

On July 1, 2011 the Group acquired an economic interest of 32.12% in STP Products LLC. The fair value of the acquired identified intangible assets includes customer relationship of USD 20.7 million. The accounting for the acquisition of STP has been done on a provisional basis and is expected to be finalised by June 30, 2012.

The fair value of the consideration paid includes loan repayments of STP Products LLC for an amount of USD 19.6 million.

Total transaction related costs of USD 5.1 million were accounted for as "Other administrative expenses".

The aggregated effect of the business combinations as at acquisition date is summarized below:

	CBP Quilvest	STP Products LLC	Total
Property plant and equipment	1,686	14,539	16,225
Intangible assets	30,437	20,700	51,137
Deferred tax assets	10,311	-	10,311
Investments at fair value through profit and loss	196,096	-	196,096
Investments available for sale	206,296	-	206,296
Loans and advances to banks	164,993	-	164,993
Loans and advances to bank customers	186,320	-	186,320
Other receivables, accrued income and prepaid expenses	10,194	32,180	42,374
Cash and cash equivalents	80,974	269	81,243
Financial liabilities held for trading	(17,750)	-	(17,750)
Deposits from banks	(8,588)	-	(8,588)
Deposits from bank customers	(743,838)	-	(743,838)
Other liabilities, deferred income and accrued expenses	(19,214)	(8,103)	(27,317)
Interest-bearing liabilities	(106)	-	(106)
Provisions	(453)	-	(453)
Deferred tax liabilities	(8,837)	(7,245)	(16,082)
Net identifiable assets and liabilities	88,521	52,340	140,861
Non controlling interests share of net assets acquired	30,275	35,527	65,802
Fair value of the consideration given	106,178	58,297	164,475
attributable to the shareholder of the parent	106,178	20,577	126,755
Goodwill	47,932	3,764	51,696
Consideration paid, satisfied in cash	22,994	58,297	81,291
Less cash acquired	80,974	269	81,243
Net cash outflow/(inflow)	(57,980)	58,028	48

2) Main consolidated structures

	Country	Ownership %	Activity
Quilvest S.A., the Parent Company	Luxembourg		Corporate
Quilvest and Partners S.A. and its subsidiaries	Luxembourg	100	Private Equity Management
Quilvest Europe S.A.	Luxembourg	100	Corporate
Quilvest France S.A.S.	France	100	Private Equity Investment
Quilvest Wealth Management S.A.	Luxembourg	66.32	Wealth Management
CBP Quilvest S.A.	Luxembourg	66.32	Wealth Management
Quilvest Banque Privée S.A. and its subsidiaries	France	66.32	Wealth Management
Quilvest Switzerland Ltd. and its subsidiaries	Switzerland	66.32	Wealth Management
Quilvest Private Equity Ltd.	British Virgin Islands	100	Private Equity Investment
Quilvest American Equity Ltd.	British Virgin Islands	100	Private Equity Investment
Quilvest American Venture Ltd.	British Virgin Islands	100	Private Equity Investment
Quilvest European Equity Ltd.	British Virgin Islands	100	Private Equity Investment
Quilvest European Venture Ltd.	British Virgin Islands	100	Private Equity Investment
Quilvest Asian Equity Ltd.	British Virgin Islands	100	Private Equity Investment
Quilvest Asian Venture Ltd.	British Virgin Islands	100	Private Equity Investment
Quilvest Ventures Ltd. and its subsidiaries	British Virgin Islands	100	Private Equity Investment
QS Companies USA Ltd. and its subsidiaries	British Virgin Islands	100	Private Equity Investment
QS Companies Europe Ltd. and its subsidiaries	British Virgin Islands	100	Private Equity Investment
QS PEP Holding Ltd. and its subsidiaries	British Virgin Islands	100	Private Equity Investment
QS Management Ltd.	British Virgin Islands	100	Private Equity Investment
QS Strategic GP's Ltd.	British Virgin Islands	100	Private Equity Investment
Quilvest Finance Ltd. and its subsidiaries	British Virgin Islands	100	Private Equity Investment

The controlled Private Equity investments are represented by the following entities:

YO! Sushi Group via Sushi Holding Limited 1	United Kingdom	100	Private Equity Investment
Hill and Valley Group	United States	83.5	Private Equity Investment
JDI Fashion Group	France	89.3	Private Equity Investment
STP Products Group	United States	100	Private Equity Investment

As at December 31, 2011 the shareholders of the parent have an economic interest in the controlled Private Equity investments as follows: 39.18% of YO! Sushi Group, 36.6% of Hill and Valley Group, 44.4% of JDI Fashion Group and 32.12% in STP Products Group.

All companies integrated in the consolidation have the closing date at December 31, with the exception of Sushi Holding Limited 1 and its subsidiaries (November 30) and JDI Fashion Group (April 30).

Notes to the Consolidated Financial Statements (continued)

3) Cash and Cash Equivalents

In $ '000	2011	2010
Cash in hand (Petty cash)	449	608
Balances with banks	368,038	52,567
Call and fixed term deposits < 3 months	35,250	86,865
Cash and Cash Equivalents	403,737	140,040

4) Loans and Advances to Banks

In $ '000	2011	2010
Loans and advances to banks	38,777	21,281

At the end of 2011, the carrying amount was made of term deposits certificates of CBP Quilvest, with maturities higher than three months.

5) Loans and Advances to Bank Customers

In $ '000	2011	2010
Loans and advances to bank customers	490,741	247,704
Specific allowance for impairment	(2,354)	(2,251)
Net loans and advances to bank customers	488,387	245,453

The impairment testing undertaken by Quilvest Switzerland, Quilvest Banque Privée and Compagnie de Banque Privée Quilvest resulted in a specific allowance for impairment of CHF 2,114,145 (USD 2,248,014) and EUR 82,532 (USD 106,678) at the end of 2011 compared to CHF 2,114,145 (USD 2,251,246) and EUR nil at the end of 2010. This amount covers potential default risk from specific clients. The net increase on the specific allowance for impairment and a foreign exchange loss are recognised in the profit or loss for USD 100,210 (net decrease of USD 953,252 in 2010) and USD 3,236 (USD 205,641 in 2010), respectively. The impaired loans written-off amounts of USD 88,256 (EUR 88,384 in 2010).

Notes to the Consolidated Financial Statements (continued)

6) Other Receivables, Accrued Income and Prepaid Expenses

In $ '000	2011	2010
Interest receivable and accrued interest	1,873	810
Carried interest receivable	8,366	8,456
Other assets and receivables	71,624	30,278
Loans to employees	240	1,769
Accrued income	5,828	6,842
Prepaid expenses	3,610	1,276
Other Receivables, Accrued Income and Prepaid Expenses	91,541	49,431

The impairment testing undertaken resulted in an allowance for impairment of USD 516 thousand at the end of 2011 (2010: nil).

The "Other assets and receivables" includes at end of 2011 USD 46.2 million (USD 19.3 million in 2010) operating receivables of the controlled Private Equity investments, USD 10.4 million (USD 3.9 million in 2010) receivables of the Wealth Management structures as well as USD 4.6 million (USD 4.3 million in 2010) operating receivables of Quilvest France, Quilvest Europe, Quilvest UK, Quilvest Dubai and Quilvest USA.

Notes to the Consolidated Financial Statements (continued)

7) Investments and Derivatives

7.1) Global overview on Investments

In $ '000	Notes	2011	2010
7.1.1) Financial assets designated at fair value through profit and loss			
Debt securities		149,652	30,772
Equity securities		268,472	253,482
Third party funds		479,415	475,925
Convertible loans		14,097	7,589
Total	7.2	911,636	767,768
7.1.2) Financial assets held for trading - Derivatives	7.4	14,041	3,214
7.1.3) Loans and receivables - Investment-related loans		1,520	2,219
7.1.4) Available-for-sale financial assets	7.3	198,641	-
Total Investments		1,125,838	773,201

7.2) Investments designated at fair value through profit and loss

7.2.1) Schedule of changes in investments designated at fair value through profit and loss in 2011

In $ '000	Debt securities	Equity and Convertible loans	Third party funds	Total
Fair value at opening balance	30,772	261,071	475,925	767,768
Acquired in business combinations	183,676	-	529	184,205
Additions	44,780	57,517	191,225	293,522
Disposals	(88,555)	(31,635)	(219,052)	(339,241)
Net gains/(losses) on financial assets	1,272	(1,183)	30,485	30,573
Currency differences	(22,294)	(3,200)	303	(25,191)
Fair value at closing balance	149,652	282,569	479,415	911,636

7.2.2) Schedule of changes in investments designated at fair value through profit and loss in 2010

In $ '000	Debt securities	Equity and Convertible loans	Third party funds	Total
Fair value at opening balance	3,090	266,426	377,680	647,196
Additions	50,043	38,562	215,140	303,745
Disposals	(21,397)	(72,944)	(148,900)	(243,241)
Transfers	-	236	-	236
Net gains/(losses) on financial assets	(760)	34,516	35,791	69,547
Currency differences	(204)	(5,725)	(3,786)	(9,715)
Fair value at closing balance	30,772	261,071	475,925	767,768

7.3) Schedule of changes in available-for-sale financial assets in 2011

In $ '000	Debt securities	Equity securities	Total
Fair value at opening balance	-	-	-
Acquired in business combination	206,050	246	206,296
Additions	83,549	157	83,706
Disposals	(62,607)	-	(62,607)
Net losses on financial assets	(773)	-	(773)
Currency differences	(27,939)	(42)	(27,982)
Fair value at closing balance	198,280	361	198,641

Interest result related to debt securities portfolio available for sale amounts to USD 3.5 million (2010: nil) and it is recorded as Net income from directly held investments (Note 25).

The AFS revaluation reserve amounts to EUR (2,271,566) or USD (2,936,000) before deferred taxation. The amount transferred from AFS revaluation reserve in Net income from directly held investments equals EUR (2,075,406) or USD (2,884,814), of which an impairment loss of EUR (1,659,936) or USD (2,307,311) (Note 35.2)

Notes to the Consolidated Financial Statements (continued)

7.4) Derivatives

7.4.1) Detailed schedule of derivatives by nature and maturity in 2011

In $ '000	Notional amount with remaining life of				Fair values	
	Less than 3 months	3 months to 1 year	More than 1 year	Total	positive	negative
Financial assets held for trading						
Foreign currency forward contracts	364,109	61,499	1,268	426,876	12,251	-
Foreign currency options contracts	-	-	38,017	38,017	1,790	-
Interest rate swaps	-	-	-	-	-	-
Financial liabilities held for trading						
Foreign currency forward contracts	241,193	66,868	1,257	309,318	-	11,787
Foreign currency options contracts	-	-	38,169	38,169	-	1,339
Interest rate swaps	89,219	-	140,318	229,537	-	10,927
Total					14,041	24,053

7.4.2) Detailed schedule of derivatives by nature and maturity in 2010

In $ '000	Notional amount with remaining life of				Fair values	
	Less than 3 months	3 months to 1 year	More than 1 year	Total	positive	negative
Financial assets held for trading						
Foreign currency forward contracts	76,605	53,849	-	130,454	3,214	-
Financial liabilities held for trading						
Foreign currency forward contracts	50,921	12,073	-	62,994	-	1,226
Total					3,214	1,226

8) Property, Plant and Equipment

8.1) Schedule of changes in Property, Plant and Equipment for the year 2011

In $ '000	Land	Buildings	Fixtures and fittings	Cars	EDP Hardware	Total
Cost						
Balance at January 1, 2011	9,329	33,340	35,415	411	2,644	81,139
Additions	-	2,714	5,534	59	678	8,985
Acquired through business combination (note 1)			15,866	184	175	16,225
Revaluation gains	746	1,857	-	-	-	2,603
Transfers	-	-	-	-	-	-
Disposals and derecognized assets	-	-	(1,284)	(144)	(401)	(1,829)
Currency differences	(315)	2,174	5,972	(6)	(95)	7,730
Balance at December 31, 2011	9,760	40,085	61,503	504	3,001	114,853
Depreciation and impairment losses						
Balance at January 1, 2011	-	4,659	11,606	283	2,221	18,769
Additions	-	2,787	7,526	68	641	11,022
Transfers	-	-	(17)	-	17	-
Disposals and derecognized assets	-	-	(606)	(96)	(391)	(1,093)
Currency differences	-	2,885	6,560	-	(69)	9,376
Balance at December 31, 2011	-	10,331	25,069	255	2,419	38,074
Carrying amounts						
Balance at January 1, 2011	9,329	28,681	23,809	128	423	62,370
Balance at December 31, 2011	9,760	29,754	36,434	249	582	76,779

As at end of 2011, the appraised value of buildings and land of the headquarters of our French subsidiaries located Boulevard Saint-Germain 241-243 and Rue de Lille 86 in Paris amounts to a total fair value of EUR 25 million (EUR 23.7 million in 2010), including the investment property (refer to note 9). The fair value is based on the rental value of the buildings at current market rates for similar located real estate.

The own-used part of the buildings has been revalued accordingly and the revaluation gain recognized directly in equity, i.e. to the revaluation reserve for own-used buildings. Accumulated depreciation has been charged against the revalued amount, taking into account an estimated economic life of 50 years. As at December 31, 2011, the total contribution from controlled Private Equity investment amounts to USD 45.8 million (2010: USD 33.5 million).

Notes to the Consolidated Financial Statements (continued)

8) Property, Plant and Equipment

8.2) Schedule of changes in Property, Plant and Equipment for the year 2010

In $ '000	Land	Buildings	Fixtures and fittings	Cars	EDP Hardware	Total
Cost						
Balance at January 1, 2010	8,919	26,655	28,695	444	2,590	67,303
Additions	-	4,723	9,363	-	109	14,195
Revaluation gains	1,041	3,314	-	-	-	4,355
Transfers	-	-	-	-	-	-
Disposals and derecognized assets	-	-	(1,768)	-	(142)	(1,910)
Currency differences	(631)	(1,352)	(875)	(33)	87	(2,804)
Balance at December 31, 2010	9,329	33,340	35,415	411	2,644	81,139
Depreciation and impairment losses						
Balance at January 1, 2010	-	2,837	7,084	237	1,931	12,089
Depreciation charge for the year	-	1,974	6,125	67	388	8,554
Disposals and derecognized assets	-	-	(1,393)	-	(142)	(1,535)
Currency differences	-	(152)	(210)	(21)	44	(339)
Balance at December 31, 2010	-	4,659	11,606	283	2,221	18,769
Carrying amounts						
Balance at January 1, 2010	8,919	23,818	21,611	207	659	55,214
Balance at December 31, 2010	9,329	28,681	23,809	128	423	62,370

Notes to the Consolidated Financial Statements (continued)

9) Investment Property

Schedule of changes in Investment Property

In $ '000	2011	2010
At fair value		
Balance at January 1	8,240	7,867
Transfer to owner-occupied properties	-	-
Revaluation gains/(losses)	(42)	929
Currency differences	(229)	(556)
Balance at December 31	7,969	8,240

Carrying amounts		
Balance at January 1	8,240	7,867
Balance at December 31	7,969	8,240

The investment property relates to offices rented to third parties within the building located at 241 and 243, Boulevard Saint-Germain in Paris.

Rental income related to this investment amounts to USD 365,935 (EUR 263,177) in 2011, compared to USD 289,114 (EUR 217,713) in 2010.

The operating expenses related to the buildings amount to USD 163,968 (EUR 117,924) in 2011, compared to USD 137,184 (EUR 103,379) in 2010.

Notes to the Consolidated Financial Statements (continued)

10) Intangible Assets

10.1) Schedule of changes in Intangible assets for the year 2011

In $ '000	Goodwill	Customer relationships and deposits	Brand	Software and capitalized IT costs	Total
At cost					
Balance at January 1, 2011	63,733	-	-	6,544	70,277
Additions	-	-	-	940	940
Acquisitions through business combination	51,697	47,448	1,676	2,013	102,834
Disposals and derecognized assets	-	-	-	(232)	(232)
Currency differences	(7,288)	(3,559)	(216)	(305)	(11,368)
Balance at December 31, 2011	108,142	43,889	1,460	8,960	162,451
Accumulated depreciation and impairment losses					
Balance at January 1, 2011	-	-	-	4,677	4,677
Amortization charge for the year	-	2,424	209	1,827	4,460
Impairment charge for the year	2,561	-	-	-	2,561
Disposals and derecognized assets	-	-	-	(232)	(232)
Currency differences	-	(58)	(15)	(187)	(260)
Balance at December 31, 2011	2,561	2,366	194	6,085	11,206
Carrying amounts					
Balance at January 1, 2011	63,733	-	-	1,867	65,600
Balance at December 31, 2011	105,581	41,523	1,266	2,875	151,245

Goodwill and intangible assets have increased significantly under the effect of the business combinations as decribed in note 1. A goodwill of EUR 32.3 million (USD 47.9 million) has been recognized on the acquisition of CBP Quilvest whereas customer relationships and deposits have been valued EUR 17.9 million and the brand EUR 1.1 million. A goodwill of USD 3.8 million has been recognized on the acquisition of STP, together with customer relationships amounting to USD 20.7 million.

The goodwill on JDI Fashion Group decreased to EUR 3.6 million (EUR 5.4 million in 2010) due to an impairment loss of EUR 1.8 million. The valuation of the goodwill was based on the fair value less cost to sell of JDI Fashion Group, which indicated that the recoverable amount was lower than the carrying amount including goodwill for EUR 1.8 million.

The goodwill amounts relating to Yo!Sushi (GBP 21.4 million), Quilvest Banque Privée (EUR 16.3 million) and Quilvest Switzerland (CHF 1.5 million) varied only due to foreign exchange.

The software and capitalized IT costs primarily relate to IT developments for Quilvest Switzerland and its subsidiaries, specifically a banking system, a front-office software package for the tracking of the private equity investments and a group reporting software.

Goodwill is revised annually for impairment, or more frequently when there are indications that impairment may have occurred. Impairment test was based on the fair value less cost to sell as determined by the valuation technique for unquoted investments (see Significant accounting policies). Except for JDI Fashion Group as explained above, the recoverable amount was in excess of the carrying amount, including goodwill, for all the entities and no impairment was recorded.

10) Intangible Assets

10.2) Schedule of changes in Intangible assets for the year 2010

In $ '000	Goodwill	Software and capitalized IT costs	Total
Cost			
Balance at January 1, 2010	63,721	6,695	70,416
Additions	-	183	183
Goodwill adjustment	2,837	-	2,837
Disposals and derecognized assets	-	(456)	(456)
Currency differences	(2,825)	122	(2,703)
Balance at December 31, 2010	63,733	6,544	70,277
Accumulated depreciation and impairment losses			
Balance at January 1, 2010	-	4,207	4,207
Amortization charge for the year	-	866	866
Disposals and derecognized assets	-	(456)	(456)
Currency differences	-	60	60
Balance at December 31, 2010	-	4,677	4,677
Carrying amounts			
Balance at January 1, 2010	63,721	2,488	66,209
Balance at December 31, 2010	63,733	1,867	65,600

Notes to the Consolidated Financial Statements (continued)

11) Investments in Associates

The Group has the following investments in associates :

In $ '000	Country	Ownership interest (%) at the end of 2011	Carrying amount at Dec 2011	Carrying amount at Dec 2010
Gaspal Holding SAS	France	34%	731	689
Total			731	689

The increase of carrying amount during 2011 is explained by the share of profit in associates of USD 104,624 (USD 67,936 in 2010), dividends received of USD 35,686 (USD 34,023 in 2010), currency negative differences of USD 27,300 (currency negative differences of USD 128,100 in 2010).

The financial information on the associates at December 2011 is summarized as follows:

In $ '000	Current assets	Non-current assets	Current liabilities	Non-current liabilities & Equity
Gaspal Holding SAS	468	2,628	967	2,129
Total	468	2,628	967	2,129

In $ '000	Revenues	Expenses	Net result
Gaspal Holding SAS	3,758	3,450	308
Total	3,758	3,450	308

Gaspal Holding SAS

This entity is a management company targeting high net worth individuals as well as institutionals.

Notes to the Consolidated Financial Statements (continued)

12) Deferred Tax Assets and Liabilities

12.1) Recognized deferred tax assets and liabilities

In $ '000	2011		2010		2011	2010
	Assets	Liabilities	Assets	Liabilities	net	net
Investments	1,682	(7)	-	(12)	1,675	(12)
Property, Plant & Equipment	134	(6,231)	116	(5,788)	(6,097)	(5,672)
Investment property	-	(2,592)	-	(2,674)	(2,592)	(2,674)
Intangible Assets	9	(14,085)	5	-	(14,076)	5
Investments in associates	-	(9)	-	(3)	(9)	(3)
Employee benefits	210	-	156	-	210	156
Other liabilities	1,379	(3)	-	-	1,376	-
Other provisions	106	(1,938)	-	(1,922)	(1,832)	(1,922)
Tax losses carried forward	9,160	-	-	-	9,160	-
Total deferred tax assets/(liabilities)	12,680	(24,865)	277	(10,399)	(12,185)	(10,122)

12.2) Movements of net deferred tax liabilities

In $ '000	2011	2010
Net deferred tax liabilities at opening balance	(10,122)	(8,667)
Increase / (Decrease) in temporary differences	5,055	(1,728)
Change in tax rate	-	(34)
Business combinations	(15,550)	-
Deferred tax assets recognized on tax losses carried forward	10,311	-
Currency differences	(1,879)	307
Net deferred tax liabilities at closing balance	(12,185)	(10,122)

12.3) Movements in net deferred tax assets (liabilities) per class

12.3.1) Movements for the year 2011

In $ '000	Balance January 1	Recognized in profit & loss	Recognized in equity	Business combinations	Balance December 31
Investments	(12)	(6)	728	965	1,675
Property, Plant & Equipment	(5,672)	19	(444)	-	(6,097)
Investment property	(2,674)	(13)	95	-	(2,592)
Intangible assets	5	2,293	(1,333)	(16,515)	(15,550)
Investments in associates	(3)	(9)	3	-	(9)
Employee benefits	156	76	(22)	-	210
Other liabilities	-	1,376	-	-	1,376
Other provisions	(1,922)	(20)	110	-	(1,832)
Tax losses carried forward	-	-	(1,151)	10,311	9,160
Total	(10,122)	3,716	(2,014)	(5,239)	(13,659)

Notes to the Consolidated Financial Statements (continued)

12.3.2) Movements for the year 2010

In $ '000	Balance January 1	Recognized in profit & loss	Recognized in equity	Balance December 31
Investments	(5)	(7)	-	(12)
Property, Plant & Equipment	(4,238)	51	(1,485)	(5,672)
Investment property	(2,915)	(312)	553	(2,674)
Intangible assets	6	-	(1)	5
Investments in associates	6	(9)	-	(3)
Employee benefits	183	(14)	(13)	156
Other provisions	(1,704)	(34)	(184)	(1,922)
Total	(8,667)	(325)	(1,130)	(10,122)

12.4) Reconciliation between applicable and effective tax rate

This table reconciles the effective tax amounts presented in the consolidated statement of comprehensive income with the amount theorically calculated with local applicable tax rates.

In $ '000	2011	2010
Profit/(loss) before tax	(35,519)	20,632
Luxembourg theoretical tax rate (rounded)	30%	30%
Expected income tax expense	(10,656)	6,190
Non-deductible expenses	558	2,459
Changes in tax rates	522	34
Tax effects of non-taxable income, capital gains and fair value changes	(9,054)	(7,629)
Current income taxes relating to prior periods	(3)	29
Losses for which no tax benefit is recognized	13,503	-
Other	2,686	1,473
Tax expense in the statement of comprehensive income	(2,444)	2,555

13) Deposits from Banks

In $ '000	2011	2010
Payable on demand	33,452	2,826
With agreed maturity date or period of notice	67,369	55,070
Total Deposits from Banks	100,822	57,896

More information about the maturity and currency of the Deposits from Banks is provided in Note 35.

14) Deposits from Bank Customers

In $ '000	2011	2010
Payable on demand	771,314	179,882
With agreed maturity date or period of notice	259,608	20,596
Total Deposits from Bank Customers	1,030,922	200,478

15) Other Liabilities, Deferred Income and Accrued Expenses

In $ '000	2011	2010
Accounts payable	51,019	33,507
Interest payable	2,976	1,344
Dividends payable	102	90
Liabilities relating to share repurchase agreements	420	7,148
Carried interest payable	9,774	10,821
Liabilities relating to performance bonus	1,689	5,957
Accrued expenses	17,935	18,640
Deferred income	1,760	1,343
Total Other Liabilities, Deferred Income and Accrued Expenses	85,676	78,850

As at December 31, 2011, liabilities relating to share repurchase agreements correspond to the obligation to repurchase non-controlling shareholders in a subsidiary of Quilvest France.

In 2011, in the framework of the business combination with CBP Quilvest, the Group has repurchased non controlling shareholders and stock options to which a respective value of USD 6,535,323 and USD 612,521 was assigned at December 31, 2010.

Notes to the Consolidated Financial Statements (continued)

16) Interest-bearing Liabilities

16.1) Terms and debt repayment schedule at end of 2011

The note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost:

In $ '000	Carrying amount	Less than 1 year	Between 1 and 5 years	Over 5 years
Senior bond	193,885	-	193,885	-
Liabilities towards financial institutions	24,661	24,661	-	-
Interest-bearing loans of controlled Private Equity Investments	84,863	5,068	57,774	22,021
Total Interest-bearing liabilities	303,409	29,729	251,659	22,021

The interest-bearing loans of controlled Private Equity investments are without recourse for the Group.

16.2) Terms and debt repayment schedule at end of 2010

In $ '000	Carrying amount	Less than 1 year	Between 1 and 5 years	Over 5 years
Senior bond	199,508	-	199,508	-
Liabilities towards financial institutions	38	38	-	-
Interest-bearing loans of controlled Private Equity Investments	54,204	2,817	21,323	30,064
Total Interest-bearing liabilities	253,750	2,855	220,831	30,064

16.3) Senior Bonds

On December 7, 2009, the Company issued 3,000 bonds at a nominal price of EUR 50,000 each with coupons attached on issue, bearing an interest rate of 8% p.a., payable semi-annually in arrear as of June 7 and December 7, commencing on June 7, 2010 and maturing in 2014. The bonds mature 5 years from the issue date at the nominal value. The bonds and coupons constitute senior, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves.

As at December 31, 2011, the Group complied with the Net Debt Covenant as defined in the Terms and Conditions of the Bonds, section 3 - Negative Pledge and other Covenants, of the Senior Bond issue prospectus closed on December 7,2009.

The Net debt as at December 31, 2011 was USD 100.3 (2010: USD 59.5 million), with the following components:

- Cash and cash equivalents: USD 403.7 million (2010: USD 140 million)
- Consolidated indebtness: USD 303.4 million (2010: USD 253.7 million), of which USD 84.9 million (2010: USD 54.2 million) none-recourse private equity acquisition indebtness

16.4) Terms and debt repayment schedule

In $ '000	Original Currency	Nominal interest rate	Year of maturity	2011 Carrying amount	2010 Carrying amount
Liabilities towards financial institutions					
Unsecured bank loan	EUR	3.39%	2012	15,511	-
Unsecured bank loan	EUR	Euribor 3M + 1.5%	2012	9,048	-
Unsecured bank loan	EUR	Euribor 3M + 1.5%	2012	84	-
Unsecured bank loan	EUR	5.00%	2010-2011	-	5
Unsecured bank loan	EUR	5.02%	2010-2012	18	33
Interest-bearing loans of controlled Private Equity Investments					
Unsecured bank loan	USD	Prime + 0 bps	2012	1,608	-
Secured term loan	USD	Prime + 100 bps	2013	1,800	2,400
Secured bank credit facilities	GBP	Libor+2.5%	2010-2015	16,831	18,573
Secured bank credit facility	GBP	Libor+3%	2016	9,638	9,641
Secured bank credit facility	GBP	Libor+3.5%	2017	9,638	9,641
Mezzanine bank loans	GBP	Libor+5%+5%PIK	2018	10,211	9,711
Secured bank credit facility	EUR	5.06%	2010-2015	315	328
Secured bank credit facility	EUR	4.77%	2010-2015	277	305
Secured bank credit facility	EUR	5.10%	2010-2015	809	832
Secured bank credit facility	EUR	Euribor 1M+1.4%	2010-2015	755	764
Secured bank credit facility	EUR	Euribor 3M+1.303%	2010-2015	436	449
Secured bank credit facility	EUR	5.35%	2010-2017	279	284
Secured bank credit facility	EUR	Euribor 3M+0.8%	2010-2017	445	460
Secured bank credit facility	EUR	3.7% or Euribor 3M+1.3%	2010-2016	459	473
Working capital facilities	EUR	Euribor 3M + 1.5%	2012	1,334	1,081
Convertible bonds	EUR	8%	2018	1,138	457
Revolving credit facility	USD	Libor + 2.5%	2016	2,713	-
Secured term loan	USD	Libor + 9%	2016	26,177	-

The bank loans are secured by a fixed and floating charge over the assets of the consolidated Private Equity investments (including their subsidiary undertakings). As at December 31, 2011 the capitalized loan costs represent USD 914,406 (2010: USD 1,197,906).

Notes to the Consolidated Financial Statements (continued)

17) Employee benefit obligations

The defined benefit plans relate to pension schemes in place in the subsidiaries Quilvest France, Quilvest Banque Privée, Quilvest Ventures and Quilvest Switzerland.

17.1) Liability for defined benefit obligations

In $ '000	2011	2010
Present value of unfunded obligations	628	468
Present value of funded obligations	36,187	29,648
Fair value of plan assets	(29,281)	(26,128)
Net unrecognised actuarial gains	(6,870)	(3,697)
Unrecognised assets because of the limit in paragraph 58(b) IAS 19	-	177
Net liability in the statement of financial position	664	468

17.2) Changes in net liability recognized in the statement of financial position

In $ '000	2011	2010
Net liability at opening balance	468	550
Net expenses recognised in the profit or loss	2,070	1,741
Contributions	(1,845)	(1,478)
Currency differences	(29)	(345)
Net liability at closing balance	664	468

17.3) Detail of expenses recognized in the statement of comprehensive income

In $ '000	2011	2010
Current service cost	2,098	1,778
Interest on obligation	863	763
Expected return on plan assets	(787)	(639)
Net actuarial losses (gains) recognised in year	80	-
Past service cost	3	-
Gains on curtailments and settlements	(187)	(161)
Expenses in statement of comprehensive income	2,070	1,741

17.4) Other disclosures for defined benefit plans

In $ '000	2011	2010
Actual return on plan assets	754	151

17.5) Principal actuarial assumptions at the balance sheet date

In $ '000	2011	2010
Discount rate at December 31	2.25%	2.75%
Expected return on plan assets at December 31	2.25%	2.75%
Future salary increase	2%	2% to 3.5%
Future pension increase	0.50%	0.50%

Notes to the Consolidated Financial Statements (continued)

18) Provisions

In $ '000	2011	2010
Provisions for litigation	1,280	2,585
Other provisions	845	53
Total Provisions	2,125	2,638

The decrease of provisions results mainly from a release of provision in Quilvest Banque Privée for EUR 1,330,915 (USD 1,720,296) whereas new provisions have been recorded in Quilvest Banque Privée for EUR 209,675 (USD 271,018) and JDI Fashion SAS for EUR 721,336 (USD 932,375).

19) Share capital and share premium

Number of ordinary shares	2011	2010
On issue at January 1	6,656,000	6,656,000
On issue at December 31	6,656,000	6,656,000

At reporting date, the share capital amounts to USD 44,989,630 and is represented by 6,656,000 shares without par value. The share premium amounts to USD 110,248,614 (2010: USD 110,248,614).

As at December 31, 2011, the Company's authorized share capital is USD 100,000,000 represented by the 14,794,520 shares withhout nominal value, of which USD 44,989,630 represented by 6,656,000 shares without nominal value, is issued and fully paid.

20) Treasury shares

At December 31, 2011, the Group owns 32,264 (27,673 in 2010) treasury shares for a total amount of USD 3.1 million (USD 2.7 million in 2010). During the year 2011, the Group acquired 4,591 (2010: 13,404) additional treasury shares for a total amount of USD 501,632 (2010: USD 1,337,240) and sold no treasury shares (2010: 15,622 shares for an amount of USD 1,894,685). The consideration paid is included in equity.

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Notes to the Consolidated Financial Statements (continued)

21) Reserves and retained earnings

In $ '000	Translation reserves	Revaluation reserve	Reserves	Retained earnings	Total
Balance at January 1, 2010	22,452	6,020	28,472	545,979	574,451
Total comprehensive income for the year					
Profit for the year	-	-	-	12,824	12,824
Other comprehensive income					
Revaluation of own-used buildings, net of deferred tax	-	2,903	2,903	-	2,903
Foreign currency translation differences	(14,291)	(422)	(14,713)	-	(14,713)
Total other comprehensive income	(14,291)	2,481	(11,810)	-	(11,810)
Total comprehensive income for the year	(14,291)	2,481	(11,810)	12,824	1,014
Transactions with owners, recorded directly in equity					
Sale of treasury shares	-	-	-	446	446
Purchase of non-controlling interests	-	-	-	-	-
Dividends paid	-	-	-	-	-
Total transactions with owners	-	-	-	446	446
Balance at December 31, 2010	8,161	8,501	16,662	559,249	575,911
Balance at January 1, 2011	8,161	8,501	16,662	559,249	575,911
Total comprehensive income for the year					
Loss for the year	-	-	-	(25,313)	(25,313)
Other comprehensive income					
Revaluation of own-used buildings, net of deferred tax	-	1,735	1,735	-	1,735
Available-for-sale financial assets, net of defered tax	-	(1,328)	(1,328)	-	(1,328)
Foreign currency translation differences	(9,478)	(255)	(9,733)	-	(9,733)
Total other comprehensive income	(9,478)	152	(9,327)	-	(9,327)
Total comprehensive income for the year	(9,478)	152	(9,327)	(25,313)	(34,640)
Transactions with owners, recorded directly in equity					
Sale of treasury shares	-	-	-	-	-
Transactions with non-controlling interests	-	-	-	53,722	53,722
Dividends paid	-	-	-	(20,966)	(20,966)
Total transactions with owners	-	-	-	32,756	32,756
Balance at December 31, 2011	(1,317)	8,653	7,335	566,692	574,027

The translation reserve is comprised of all foreign exchange differences arising from the translation of the financial statements of entities accounting in another currency than the US dollar.

Included in reserves are restricted reserves not available for distribution of USD 4,498,963 at the level of the Parent Company.

22) Non-controlling Interests

In $ '000	2011	2010
Non-controlling interests in equity	107,489	27,482
Non-controlling interests in result	(7,762)	5,253
Total Non-controlling Interests	99,727	32,735

23) Share-based payments

In 2002, Quilvest Banque Privée issued 1,545 stock options, at zero price, to its employees, exercisable until June 30, 2008 at the price of EUR 429 on a one option for one share in Quilvest Banque Privée. The exercise price is EUR 200 over the nominal value of the shares. This plan is closed for subscription since August 2005.

In 2005, Quilvest Banque Privée issued additional 1,313 options to its employees, exercisable at the price of EUR 525 for one share Quilvest Banque Privée.

In 2007, Quilvest Banque Privée issued an additional stock option plan of 2,033 options, exercisable at the price of EUR 737 for one share Quilvest Banque Privée.

In 2008, Quilvest Banque Privée issued an additional stock option plan of 1,087 options, exercisable at the price of EUR 819 for one share Quilvest Banque Privée.

Quilvest France, the immediate parent company of Quilvest Banque Privée, had an obligation, to buy back the options from the holders at a pre-determined calculation method in case of death or resignation of the holder. The Group showed a liability of USD 612,581 in 2010 (USD 597,571 in 2009) in relation to this obligation at December 31,2010.

In 2011, all outstanding options have been repurchased in the framework of the acquisition of CBP Quilvest (note 1) and the subsequent reorganization of the shareholding of the wealth management activities of the Group.

23.1) Schedule of changes in the option plan

	2011		2010	
	Weighted average exercise price (Euros)	Number of options	Weighted average exercise price (Euros)	Number of options
Outstanding at the beginning of the year	673	2,097	985	2,908
Granted during the year	-	-	-	-
Canceled during the year	(673)	(2,097)	(758)	(811)
Outstanding at the end of the year	-	-	673	2,097
Exercisable at the end of the year	-	-	673	2,097

Notes to the Consolidated Financial Statements (continued)

24) Earnings per Share

The calculation of basic earnings per share at December 31, 2011 and 2010 is based on the net profit attributable to ordinary shareholders and on a weighted average number of ordinary shares outstanding during the years 2011 and 2010.

24.1) Net basic earnings per share

	2011	2010
Net profit/(loss) attributable to the shareholders of the parent	(25,313)	12,824
Issued ordinary shares at January 1	6,656,000	6,656,000
Effect of own shares held	(30,286)	(26,001)
Weighted average number of ordinary shares at December 31	6,625,714	6,629,999
Net basic earnings per share (in $)	(3.8)	1.9

24.2) Net weighted diluted earnings per share

	2011	2010
Net profit/(loss) attributable to the shareholders of the parent (in $ '000)	(25,313)	12,824
Adjusted net profit/(loss) for the year (in $ '000)	(25,313)	12,824
Weighted average number of shares at December 31	6,625,714	6,629,999
Weighted average number of ordinary shares at December 31	6,625,714	6,629,999
Net basic earnings per share (in $)	(3.8)	1.9

Notes to the Consolidated Financial Statements (continued)

25) Net result from directly held investments

In $ '000	2011	2010
Dividend income	931	755
Interest income	5,550	293
Dividend and interest income	6,480	1,048
Realized and unrealized gains and losses on debt and equity securities	(2,527)	33,914
Realized and unrealized gains and losses on third party funds	30,401	35,633
Net gains on financial assets designated at fair value through profit and loss	27,874	69,547
		-
Net income from controlled Private Equity investments	11,209	6,177
Net losses on financial assets and liabilities held for trading	(4,963)	(593)
Net losses on financial assets available for sale	(2,886)	-
Net losses on investment-related loans	(651)	(5,443)
		-
Foreign exchange gains and losses	(3)	2,309
Total Net result from directly held Investments	37,060	73,045

Net gains on financial assets designated at fair value through profit or loss iclude losses on the AFS portfolio for USD 2,936,000 of which an impairment loss of USD 2,307,311 (note 7).

The net income of controlled Private Equity investments represents the total revenues from controlled Private Equity investments for USD 198.5 million (USD 120 million in 2010), less the total operating expenses of these entities, which amount to USD 187.3 million (USD 114 million in 2010). These expenses include personnel expenses of USD 55.7 million (USD 34.4 million in 2010) for 2,095 employees at year end (1,870 employees in 2010).

Notes to the Consolidated Financial Statements (continued)

26) Net result from Wealth Management Activities

In $ '000	2011	2010
Interest on loans and advances to banks	1,325	379
Interest on loans and advances to bank customers	9,862	4,253
Interest income and similar income	11,187	4,632
Brokerage fees	17,775	7,726
Fiduciary fees	641	995
Custodian fees	9,222	6,938
Asset management fees	23,674	19,661
Other fee and commission income	14,629	8,159
Fee and Commission Income	65,941	43,479
Other banking income	476	466
Gain from securities traded on behalf of clients	16	14
Reversal of impairments on loans and advances to bank customers	357	1,720
Other Income	849	2,200
Interest on deposits from banks	(874)	(391)
Interest on deposits from bank customers	(2,649)	-
Interest expense and similar charges	(3,523)	(391)
Brokerage fees	(44)	(1)
Fiduciary fees	(52)	(46)
Custodian fees	(913)	(409)
Asset management fees	(795)	(642)
Other fee and commission expenses	(8,558)	(3,341)
Fee and Commission expenses	(10,363)	(4,439)
Other banking expenses	(41)	(49)
Impairments on loan and advances to banks and bank customers	(468)	(767)
Other Expenses	(509)	(816)
Total Net result from Wealth Management Activities	63,584	44,665

Notes to the Consolidated Financial Statements (continued)

27) Other Operating Income, Net

In $ '000	2011	2010
Increase in allowance for doubtful other receivables	(516)	-
Gain/(loss) from disposal of property, plant and equipment and intangible assets	(17)	21
Rental income	366	289
Management Fees	16,386	14,913
Carried interest income	1,682	2,055
Change in fair value of investment property	(41)	929
Other income, net	8,533	2,359
Total Other Operating Income, Net	26,393	20,566

28) General Administrative Expenses

Administrative expenses include the costs of making and managing investments, administrative costs related to the wealth management activities and the corporate management of the Group and are accounted for on an accrual basis. They also include personnel costs, external consultancy fees and office expenses.

In $ '000	2011	2010
Personnel		
Salaries and wages	(48,317)	(34,133)
Pension expense - Defined contributions plans	(1,366)	(579)
Pension expense - Defined benefit plans	(2,069)	(1,741)
Social contributions	(11,311)	(8,585)
Variable compensation (staff and management bonus)	(14,324)	(8,702)
Other personnel costs	(4,323)	(2,442)
Share based payment schemes	437	(57)
Total	(81,273)	(56,239)
Other administrative expenses		
External consultancy fees	(13,730)	(8,382)
Rental expense	(5,041)	(3,333)
Management fees	(2,330)	(1,836)
Carried interest expense	(502)	(5,917)
Other administrative expenses	(31,527)	(20,199)
Total	(53,130)	(39,667)
Total General Administrative Expenses	(134,403)	(95,906)

The fees expense with the Group auditor amounts to USD 1,297,000 (USD 1,004,376 in 2010) for audit and audit related services, to USD 297,000 (USD 502,000 in 2010) for tax services and to USD 94,000 (USD 73,000 in 2010) in relation with other services.

Notes to the Consolidated Financial Statements (continued)

29) Depreciation, Amortization and Impairment Losses

In $ '000	2011	2010
Depreciation on property, plant and equipment	(11,022)	(8,554)
Amortization of intangible assets	(4,460)	(866)
Impairment losses on intangible assets	(2,561)	-
Total Depreciation, Amortization and Impairment Losses	(18,043)	(9,420)

30) Financial Income

In $ '000	2011	2010
Interest income on monetary assets	1,044	1,715
Foreign exchange gains	25,732	18,579
Total Financial Income	26,776	20,294

31) Financial Expenses

In $ '000	2011	2010
Interest expense on monetary liabilities	(17,482)	(16,117)
Foreign exchange losses	(13,742)	(13,445)
Financial expenses of controlled Private Equity investments	(5,765)	(3,117)
Total Financial expenses	(36,989)	(32,679)

32) Income from Associates

In $ '000	2011	2010
Share in the profits of associated companies	105	67
Total Income from Associates	105	67

33) Income Tax Expense

In $ '000	2011	2010
Total current year tax expense	(1,274)	(2,230)
Total deferred tax expense	3,718	(325)
Total Income Tax expense	2,444	(2,555)

All entities of the Wealth Management segment of the Group are domiciled in Luxembourg, France and Switzerland and thus fully taxable, whereas some entities within the Group's Private Equity segment are not subject to income tax due to their domicile.

Notes to the Consolidated Financial Statements (continued)

34) Segment information

The Group has three reportable segments, as described in the Significant accounting policies, which are the Group's strategic business units. For each of the strategic business units, the CEO reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

34.1) Segment profit or loss

for the year 2011 (in $ '000)	Private Equity Investment	Private Equity Management	Wealth Management	Total
Net result on directly held investments	24,024	33	(643)	23,414
Net result from wealth management activities	-	-	64,075	64,075
Management fees	-	26,945	-	26,945
Net other operating revenue/(expenses)	7,220	8,999	3,737	19,956
Administrative expenses, net	(29,893)	(39,406)	(81,164)	(150,463)
Depreciation and amortization	(223)	(96)	(3,649)	(3,968)
Net financial income/(expenses)	279	(65)	7,208	7,422
Share of profit from associates	-	-	105	105
Segment Profit or loss	1,407	(3,590)	(10,331)	(12,514)
From which:				
Inter-segment revenue and expenses	(11,604)	9,979	1,625	-
Reconciliation of segment profit or loss of operations to consolidated Net profit or loss				
Intercompany result eliminated at consolidated level				1,029
Accounting policy differences				(6,500)
Unallocated income and expenses:				
Corporate depreciation and amortization				(792)
Corporate financial result, net				(12,200)
Corporate administrative expenses, net				(9,732)
Other income				5,190
Other charges				-
Income tax expense				2,444
Loss for the year				(33,075)

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Notes to the Consolidated Financial Statements (continued)

34.1) Segment profit or loss (continued)

for the year 2010 (in $ '000)	Private Equity Investment	Private Equity Management	Wealth Management	Total
Net result on directly held investments	76,981	-	2,468	79,449
Net result from wealth management activities	-	-	45,328	45,328
Management fees		12,354	-	12,354
Net other operating revenue/(expenses)	1,398	2,404	(630)	3,172
Administrative expenses, net	(28,133)	(18,725)	(39,809)	(86,667)
Depreciation and amortization	(223)	(78)	(1,559)	(1,860)
Net financial income/(expenses)	(1,237)	(79)	19	(1,297)
Share of profit from associates	-	-	67	67
Segment Profit or Loss	**48,786**	**(4,124)**	**5,884**	**50,546**
From which:				
Inter-segment revenue and expenses	(4,630)	7,322	(2,692)	-
Reconciliation of segment profit or loss of operations to consolidated Net profit or loss				
Intercompany result eliminated at corporate level				1,172
Accounting policy differences				(12,952)
Unallocated income and expenses:				
Corporate depreciation and amortization				(475)
Corporate financial result, net				(12,269)
Corporate administrative expenses, net				(7,835)
Other income				2,445
Other charges				-
Income tax expense				(2,555)
Profit / (Loss) for the year				**18,077**

Notes to the Consolidated Financial Statements (continued)

34.2) Segment assets

for the year 2011 (in $ '000)	Private Equity Investment	Private Equity Management	Wealth Management	Total
Segment assets	862,170	12,415	1,334,142	2,208,727
from which:				
Financial assets at fair value through profit and loss	835,176	-	151,693	986,869
Investments in associates	-	-	731	731
Financial assets available for sale			198,641	198,641
Reconciliation of segment assets to consolidated Total assets				
Cash and cash equivalents, corporate				10,886
Loans and advances to banks, corporate				-
Other receivables, corporate				15,468
Tax receivable				1,274
Deferred tax assets				12,680
Investments at fair value through profit and loss, corporate				20,727
Investment property, corporate				7,969
Property, plant and equipment, corporate				25,566
Intangible assets, corporate				-
Accounting policy differences				96,320
Total assets				2,399,617

for the year 2010 (in $ '000)	Private Equity Investment	Private Equity Management	Wealth Management	Total
Segment assets	757,165	8,211	371,753	1,137,129
from which:				
Financial assets at fair value through profit and loss	739,755	-	19,663	759,418
Investments in associates	-	-	689	689
Reconciliation of segment assets to consolidated Total assets				
Cash and cash equivalents, corporate				74,716
Loans and advances to banks, corporate				-
Other receivables, corporate				9,682
Tax receivable				1,122
Deferred tax assets				277
Investments at fair value through profit and loss, corporate				70,236
Investment property, corporate				8,240
Property, plant and equipment, corporate				24,427
Intangible assets, corporate				111
Accounting policy differences				41,764
Total assets				1,367,704

Some private equity investments are controlled and consolidated in accordance with IFRS as adopted by the EU. For internal reporting purposes, the controlled Private Equity investments are held at fair value, as non-controlled private equity investments. The difference is disclosed under "Accounting policy differences", both in the reconciliation of segment result with the Group published result and the reconciliation of segment assets with the Group published total assets.

Segment liabilities are not reviewed by the chief operating decision maker in the process of resources allocation and consequently not disclosed.

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Notes to the Consolidated Financial Statements (continued)

34.3) Entity-wide disclosures

Geographical information

in $ '000	Luxembourg (country of domicile)	Europe	America (US)	Asia & Middle East	Other countries	Total
Total assets as at December 31, 2011	919,652	951,608	459,263	61,765	7,329	2,399,617
Total assets as at December 31, 2010	30,247	918,090	349,146	62,790	7,431	1,367,704

35) Risk management

35.1) Risk management of the Group

Quilvest has exposure to the following risks from its use of financial instruments:
Credit risk
Liquidity risk
Market risk
Operational risk

Credit risk is the risk of financial loss if a customer or a counterpart to a financial instrument fails to meet its contractual obligation.

Liquidity risk is the risk that the Group may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments.

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

Quilvest has basically three business lines: Private Equity Investment, Wealth Management and Private Equity Management, newly reported since 2011, with different risk profiles.

Credit risk in the Private Equity business line of Quilvest is limited as most of the investments are equity investments or assimilated.

The Group's exposure to liquidity risk is influenced mainly by open Private Equity commitments, which require cash resources timely available for the capital contributions. The Group's approach to managing liquidity is to ensure that it will always have sufficient cash to meet its liabilities when due. For that purpose, Quilvest is performing a close monitoring of its liquidity with weekly and monthly situations and has developed a forecast model with normal and stressed conditions. Quilvest has a strong diversification policy allowing for regular divestment opportunities. The Group has also the possibility of selling third party fund commitments in the secondary market. If required, Quilvest has the capacity to slow down direct investment activity at any time and has negociated back-up lines with banks.

Notes to the Consolidated Financial Statements (continued)

Market risk in Private Equity is different from market risk in Public Equity. Significant movement in the prices of the latter shall affect prices in Private Equity. However, volatility has a different pattern. Basically, Quilvest mitigates negative impact of market volatility through the permanence of its investments over the economic cycles and thanks to its access to the very best performers in the fund industry, both being at the end correlated. Quilvest has also built a team of experienced professionals; it conducts in-house due diligences and sticks to a key principle of discipline in both the selection of investment and in the decision processes. In addition, Quilvest has demonstrated close post acquisition monitoring of each lead investment, strong diversification policy in respect of industries and geographical areas and an appropriate mix between direct investments and third party funds.

The private equity business is exposed to currency risks for investments made in a currency other than US dollar. This risk is not hedged. The main exposure relates to investments in Euros. However,investments and divestments in Euros are regularly made thus providing a natural hedge and limiting the exchange rate risk. Moreover, when the Group has more visibility on the timing of exit for a specific investment, all or part of the expected proceeds can be hedged. The bond foreign currency exposure in EUR is managed as part of the macro-hedging strategy in place, by correlating assets and liabilities exposure in different currencies.

The Wealth Management business line includes the main following entities: Quilvest Banque Privée in Paris, Quilvest Switzerland in Zurich, Compagnie de Banque Privée Quilvest and the holding Quilvest Wealth Management, in Luxembourg.

Each entity is regulated separately by the Commission Bancaire in France, the Swiss Financial Market Supervisory Authority ("FINMA") and Commission de Surveillance du Secteur Financier ("CSSF"), respectively, to which they periodically are required to provide all quantitative and qualitative information regarding risk management. The consolidated supervision of the Wealth Management business segment is ensured by CSSF.

No breach of any ratio has been reported during reporting year 2011 nor during comparative year 2010.

Credit risk in wealth management activities arises principally from the loans to banks, loans to bank customers and the counterparty risk associated with the Wealth Management Entities debt investment portfolio. Loans to banks within Quilvest Group are made of short term deposits. Its management is based on the granting and review of limits by each bank Executive Committee. Most of the loans granted to customers are Lombard loans, which are collateralized by the bank customers' assets. As required by the ad hoc credit procedure, a permanent monitoring process of the value of the guarantee according to the fair market value of the assets pledged is in place. Wealth Management Entities debt investment portfolio has been formed in order to meet cash reinvestment requirements and is composed of high-quality bonds (mainly investment grade) issued by banking counterparties, governments of OECD countries and only to a small extent by corporate issuers.

Quilvest Banque Privée, Quilvest Switzerland and CBP Quilvest are subject to liquidity ratios imposed by their local regulator. The three entities are responsible for managing their overall liquidity. Quilvest Banque Privée does not refinance its activities on the interbank market. For Quilvest Switzerland, the refinancing of credits is strictly congruent with the assets, which are mainly short term or highly liquid instruments. For CBP Quilvest, the refinancing of credits is not necessarily congruent with the assets. The bank has adequate systems and ressources to monitor closely its liquidity ratio hence ensuring sufficient ressources are available at any time and compliance with ratios imposed by the regulator.

The exposure of Quilvest Banque Privée, Quilvest Switzerland and CBP Quilvest to market price is indirect and derives mainly from their asset management activities, where most of the revenues are correlated to both values of securities and volume of transactions. The exposure of nostro portfolios to market price is minor.

Notes to the Consolidated Financial Statements (continued)

Interest rate risk is standard and low at Quilvest Banque Privée, Quilvest Switzerland and CBP Quilvest. The three entities have no limit for any mismatch on the money market; thus, credit activities are systematically refinanced with a banking counterparty with same terms (Quilvest Switzerland only) or supported by interest bearing customers deposits with similar repricing date or by own equity. In addition, most of the assets are remunerated at variable interest rates with short term maturities. The Group's exposure to fixed interest rates with long maturities is very limited. The debt securities portfolio of Compagnie de Banque Privée is partially hedged for interest rate risk.

Quilvest Banque Privée is not exposed to currency fluctuation risk since its operating and transaction currencies are the same (in Euros). At Quilvest Switzerland, part of the revenues are denominated in USD, whereas the operating currency in CHF. This specific currency risk is hedged through a program of forward currency contracts. All banks exclude proprietary speculative positions, the foreign currency positions held in Quilvest Switzerland and Compagnie de Banque Privée Quilvest result from transactions effected on behalf of customers, capped by foreign exchange limits based on intraday and overnight rates.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness.

Wealth Management entities are regulated entities and are submitted to organization and disclosure requirements regarding operational risks. As most of the middle and back-office activities of the Private Equity business line is integrated with the banking entities, this business sector benefits from the same internal control system.

Basically, all banking entities have set up assessment processes of operational risk profiles of each activity and are collecting data related to operational losses. The adequacy of the controls in place to address the risk identified is regularly challenged. This conducts to an ongoing improvement process of the internal control system, which besides rely on key basic principles - segregation of duties, compliance with regulatory and legal requirements, documentation of control in place and procedures.

Notes to the Consolidated Financial Statements (continued)

35.2) Credit risk

The carrying amount of following financial assets represents the maximum credit exposure.

In $ '000	2011	2010
Cash and cash equivalents	403,737	140,040
Loans and advances to banks	38,777	21,281
Loans and advances to bank customers	488,387	245,453
Other receivables	91,541	49,431
Total	1,022,442	456,205

The aging of financial assets at the reporting date is :

In $ '000	2011	2010
Not past due - Gross amounts	1,024,796	458,456
Not past due - Impairment	(2,354)	(2,251)
Total Not Past Due	1,022,442	456,205

Impairment losses concern loans and advances to bank customers and are individually calculated. The impairment on loans to customers are due to insufficient collateral held.

The gross amounts of loans and advances to banks and of loans and advances to bank customers are categorized in 2011 and 2010 as low fare credit amounts.

The gross amount related to loans and advances to bank customers is secured by following collateral held :

Secured Loans and Advances to Bank Customers (in $ '000)	2011	2010
Loans secured by real estate	25,358	19,645
Lombard loans	409,941	220,977
Other collaterals	42,677	2,581
Not collateralized	10,410	2,250
Total	488,387	245,453

No collateral had to be exercised in the reporting year.
The Group has no concentration of credit risk on a specific activity sector, nor geographical location.

External imposed requirements

Quilvest Banque Privée is also required by the French Commission Bancaire to make a specific control on risks exceeding by counter-party 10% of consolidated equity. This ratio may not exceed 25% of consolidated equity by counter-party and globally 800% of consolidated equity. This ratio is respected at the reporting date.

Quilvest Switzerland has to report the loans exceeding 10% of the available equity. Those major loans may not exceed 800% of available equity. The ratios are respected at the reporting date.

CBP Quilvest has to report the loans exceeding 10% of its available equity. This ratio may not exceed 25% for non-banking counter-parties and 100% for banking counter-parties.

Notes to the Consolidated Financial Statements (continued)

35.3) Liquidity risk

The table below analyses the Group's non-derivative financial assets and liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Financial assets and financial liabilities of controlled Private Equity investments of USD 48.9 million (USD 23 million in 2010) and USD 109.3 million (USD 75 million in 2010) respectively, are without recourse for the Group and not included in the liquidity risk analysis. The amounts in the table are the contractual undiscounted cash flows:

For the year 2011 (in $ '000)	Less or equal to 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Without determined maturity
Non-derivative financial assets					
Cash and cash equivalents	401,071	-	-	-	-
Loans and advances to banks	39,091	-	-	-	-
Loans and advances to bank customers	260,704	194,759	20,492	20,634	-
Other receivables	12,840	55	374	106	12,997
Investments	42,968	36,028	303,752	3,253	739,836
Total non-derivative financial assets	756,674	230,842	324,618	23,994	752,833
Non-derivative financial liabilities					
Deposits from banks	80,828	-	-	20,000	-
Deposits from bank customers	982,059	64,483	-	-	-
Other liabilities	45,497	-	2,844	-	12,859
Interest-bearing liabilities	19,038	-	199,508	-	-
Unfunded Private Equity commitments	-	-	-	-	313,538
Total non-derivative financial liabilities and unfunded Private Equity commitments	1,127,423	64,483	202,352	20,000	326,397
Group net liquidity gap	(370,748)	166,359	122,266	3,994	426,436

Open commitments related to Private Equity fund commitments amount to USD 313 million as of December 31, 2011 (USD 246 million as of December 31, 2010). The amount will not be called in full as portfolio funds usually call between 88% and 95% of their commitments. In addition funding of the related capital calls will take place over the 5 year period. Lastly, a portion of the Quilvest's portofolio funds will realize part of their investments and make distributions over the same 5 year period - at least the funds with a closed investment period. As a result, the potential future liquidity gap deriving from open commitment is "naturally" partly or totally closed, depending mostly on market conditions.

In addition, the Group has, at the end of 2011, the following committed credit lines (annually renewable):

- a EUR 12 million credit line with a maturity date of September 30, 2012;
- a EUR 20 million credit line with a maturity date of December 17, 2012.

External imposed requirements

Quilvest Switzerland Ltd. presents twice a year towards the Swiss Financial Market Supervisory Authority FINMA consolidated financial statements integrating a breakdown by maturity of the current assets compared to the current liabilities. At reporting date, the total assets available on demand and subject to notice amount to CHF 177.3 million (CHF 120.9 million in 2010) compared to a total of CHF 221.6 million (CHF 133.2 million in 2010) liabilities exercisable on demand or subject to notice. Quilvest Switzerland Ltd., as Security Dealer, is not required to report on liquidity risk towards the Swiss National Bank. Nevertheless, for Group reporting purposes, a theoretical calculation has been done at reporting date which led to a ratio of 160.6% (202.8% in 2010).

Quilvest Banque Privée presents quarterly towards the French Commission Bancaire a liquidity ratio calculated on weighted current assets compared to weighted current liabilities. At reporting date, this ratio is 414% (277% in 2010).

The residual maturity of non-derivatives financial assets and liabilities at the end of comparative year is:

For the year 2010 (in $ '000)	Less or equal to 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Without determined maturity
Non-derivative financial assets					
Cash and cash equivalents	137,159	-	-	-	-
Loans and advances to banks	5,326	16,056	-	-	-
Loans and advances to bank customers	125,687	79,205	27,783	20,795	-
Other receivables	19,473	198	1,177	153	8,456
Investments	107,051	-	6,812	2,997	656,341
Total non-derivative financial assets	394,696	95,459	35,772	23,945	664,797
Non-derivative financial liabilities					
Deposits from banks	38,081	417	2,224	20,695	-
Deposits from bank customers	200,478	-	-	-	-
Other liabilities	40,527	1,006	5,650	-	10,821
Interest-bearing liabilities	7	14,942	247,389	-	-
Unfunded Private Equity commitments	-	-	-	-	245,553
Total non-derivative financial liabilities and unfunded Private Equity commitments	279,093	16,365	255,263	20,695	256,374
Group net liquidity gap	115,603	79,094	(219,491)	3,250	408,423

Liquidity risk associated with the derivative transactions is disclosed in the note 7.4)

Notes to the Consolidated Financial Statements (continued)

35.4) Market risk

35.4.1) Currency risk

The Group is exposed at end of reporting year to following foreign currency risk based on carrying amounts :

For the year 2011 (in $ '000)	Carrying amount	USD	EUR	GBP	CHF	Other
Cash and cash equivalents	403,737	38,062	256,771	13,934	70,664	24,306
Income tax receivable	1,933	-	1,551	-	382	-
Loans and advances to banks	38,777	-	38,777	-	-	-
Loans and advances to bank customers	488,387	209,536	207,765	56,279	12,712	2,095
Other receivables	91,538	59,711	26,235	4,081	1,512	-
Investments	1,125,838	518,794	585,046	16,448	4,838	711
Property, plant and equipment	76,779	16,379	32,546	50	27,803	-
Investment property	7,969	-	7,969	-	-	-
Intangible assets	151,245	22,872	92,912	33,002	2,459	-
Investments in associates	731	-	731	-	-	-
Deferred tax assets	12,680	-	12,680	-	-	-
Total Assets	2,399,614	865,355	1,262,984	123,794	120,369	27,112
Financial liabilities held for trading	24,053	8,699	10,053	1	5,000	299
Income tax payable	1,275	186	553	51	486	-
Deposits from banks	100,822	80,746	8,360	-	10,638	1,077
Deposits from bank customers	1,030,922	267,258	584,271	59,982	91,971	27,440
Other liabilities	85,676	30,660	32,427	12,728	9,861	-
Interest-bearing liabilities	303,409	32,298	225,708	45,403	-	-
Employee benefit obligations	664	-	627	-	37	-
Provisions	2,125	-	2,125	-	-	-
Deferred tax liabilities	24,865	6,688	16,239	-	1,938	-
Total Liabilities	1,573,810	426,536	880,363	118,164	119,933	28,815
Group net currency exposure		438,819	382,621	5,630	437	(1,703)

A 10% change in the USD rate against other currencies would have an impact of approximately USD 39 million on the basis of December 2011 (USD 16 million on the basis of December 2010) assets and liabilities denominated in foreign currencies with the majority of this impact in the profit or loss.

The Group is exposed at end of year 2010 to following foreign currency risk based on carrying amounts :

For the year 2010 (in $ '000)	Carrying amount	USD	EUR	GBP	CHF	Other
Cash and cash equivalents	140,040	77,896	40,112	10,401	5,759	5,872
Income tax receivable	1,122	-	772	-	350	-
Loans and advances to banks	21,281	-	21,281	-	-	-
Loans and advances to bank customers	245,453	180,283	55,691	-	8,931	548
Other receivables	49,431	18,451	25,672	4,472	794	42
Investments	773,201	480,771	280,200	6,544	5,686	-
Property, plant and equipment	62,370	2,428	31,235	27,227	1,480	-
Investment property	8,240	-	8,240	-	-	-
Intangible assets	65,600	223	29,564	33,015	2,798	-
Investments in associates	689	-	689	-	-	-
Deferred tax assets	277	-	277	-	-	-
Total Assets	1,367,704	760,052	493,733	81,659	25,798	6,462
Financial liabilities held for trading	1,226	-	-	-	1,226	-
Income tax payable	801	59	177	-	565	-
Deposits from banks	57,896	51,061	6,835	-	-	-
Deposits from bank customers	200,478	86,227	97,268	-	5,918	11,065
Other liabilities	78,850	23,481	31,411	12,243	11,440	275
Interest-bearing liabilities	253,750	2,400	204,979	46,371	-	-
Employee benefit obligations	468	-	468	-	-	-
Provisions	2,638	-	2,638	-	-	-
Deferred tax liabilities	10,399	-	8,477	-	1,922	-
Total Liabilities	606,506	163,228	352,253	58,614	21,071	11,340
Group net currency exposure		596,824	141,480	23,045	4,727	(4,878)

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Notes to the Consolidated Financial Statements (continued)

35.4.2) Interest-rate risk

On the basis of the lower between maturity and repricing date, the Group is exposed at reporting date to interest-rate risk as follows:

in $ '000	Carrying amount	Less or equal to 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Non interest bearing
Cash and cash equivalents	403,737	403,737	-	-	-	-
Loans and advances to banks	38,777	38,777	-	-	-	-
Loans and advances to bank customers	488,387	372,522	81,116	18,747	16,002	-
Other receivables	93,474	7,151	55	135	107	86,027
Investments	1,125,838	42,968	36,028	303,752	3,253	739,836
Total financial assets	2,150,213	865,156	117,199	322,634	19,362	825,863
Financial liabilities held for trading	24,053	8,167	468	9,619	892	4,908
Deposits from banks	100,822	80,822	-	-	20,000	-
Deposits from bank customers	1,030,922	764,247	64,419	-	-	202,257
Other liabilities	86,952	12,275	-	2,844	-	71,833
Interest-bearing liabilities	218,546	19,038	-	199,508	-	-
Interest-bearing loans of controlled Private Equity investments	84,863	77,723	1,608	3,480	2,052	-
Total financial liabilities	1,546,158	962,272	66,495	215,451	22,944	278,997
Group net interest rate gap		(97,113)	50,704	107,183	(3,582)	546,846

A rise of 10% in the short term interest rates less than one year would negatively impact the result of the Group for aproximatly USD 0.4 millions (2010: positive impact of 1.1 millions) due to the interest bearing net asset position up to one year.

At the end of comparative year 2010, the exposure was :

In $ '000	Carrying amount	Less or equal to 3 months	Between 3 months and 1 year	Between 1 and 5 years	More than 5 years	Non interest bearing
Cash and cash equivalents	140,040	140,040	-	-	-	-
Loans and advances to banks	21,281	5,320	15,961	-	-	-
Loans and advances to bank customers	245,453	201,439	3,494	20,520	20,000	-
Other receivables	49,431	121	144	1,365	139	47,662
Investments	773,201	30,772	-	6,812	2,997	732,620
Total financial assets	1,229,406	377,692	19,599	28,697	23,136	780,282
Financial liabilities held for trading	1,226	-	-	-	-	1,226
Deposits from banks	57,896	37,896	-	-	20,000	-
Deposits from bank customers	200,478	200,478	-	-	-	-
Other liabilities	78,850	-	-	-	-	78,850
Interest-bearing liabilities	199,546	7	31	199,508	-	-
Interest-bearing loans of controlled Private Equity investments	54,204	53,286	-	823	95	-
Total financial liabilities	592,200	291,667	31	200,331	20,095	80,076
Group net interest rate gap		86,025	19,568	(171,634)	3,041	700,206

35.4.3) Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and third party funds on exchanges;

Level 2: inputs other than quoted prices included in the Level 1, that are observable for the assets or liability, either directly (that is, as prices) or indirectly (that is, as derived from prices). This level includes the majority of OTC derivative contracts or equity instruments without active market and for which recent transactions occurred between market participants. The sources of input parameters like LIBOR yield curve or counterparty credit risk are Bloomberg and Reuters.

Level 3: inputs for the asset or liability that are not based on the observable market data (unobservable inputs). This level includes debt instruments, equity instruments and third party funds with significant unobservable components.

At end of 2011, the Group is exposed to the fair value risk as follows:

in $ '000	Level 1	Level 2	Level 3	Total
Financial assets held for trading				
Derivatives	-	14,041	-	14,041
Financial assets designated at fair value				
Debt securities	125,861	23,791	-	149,652
Equity securities	3,800	51,278	213,393	268,472
Third party funds	8,263	7,412	463,740	479,415
Convertible loans	-	1,545	12,552	14,097
Investment related loans	-	-	1,520	1,520
Financial assets available-for-sale				
Debt and equity securities	198,641	-	-	198,641
Total assets	336,565	98,066	691,205	1,125,838
Financial liabilities at fair value through profit and loss				
Financial liabilities held for trading				
Derivatives	-	24,053	-	24,053
Total liabilities	-	24,053	-	24,053

The valuation of the Group's investments is largely dependent on the underlying performance of direct investments and third party funds. A 10% change in the fair value of the investments would have the same proportionate impact on the statement of comprehensive income. The estimated impact is of USD 113 million on the basis of December 2011 investments (USD 77 million on the basis of December 2010 investments).

Notes to the Consolidated Financial Statements (continued)

Reconciliation of level 3 items

	Financial assets at fair value through profit and loss				
In $ '000	Equity securities	Third party funds	Convertible loans	Investment related loans	Total assets level 3
At January 1, 2011	224,940	391,880	6,622	2,219	625,661
Profit or loss	6,766	30,740	185	-	37,691
Other comprehensive income	(2,939)	(587)	(212)	2	(3,734)
Additions	14,876	103,110	5,957	-	123,944
Disposals	(20,181)	(63,548)	-	(702)	(84,431)
Transfers	-	-	-	-	-
Transfers in Level 3	-	2,145	-	-	2,145
Transfers out of Level 3	(10,070)	-	-	-	(10,070)
At December 31, 2011	213,393	463,740	12,552	1,520	691,205
Total gains for the year included in profit or loss for assets held at December 31, 2011	7,475	30,679	185	-	38,339

Transfers in/(out) level 3 represent transfers from/(to) level 2 or transfers (to) level 1. Transfers from level 2 are the result of the absence of recent transactions causing less transparency in prices of the investments. Transfers to level 2 are the result of evidence of recent transactions causing more transparency in prices of the investments. Transfers to level 1 are the result of quoted prices in active markets for newly listed companies. In 2011 no transfer to level 1 was made (2010: USD 10.5 millions).

At end of 2010, the Group is exposed to the fair value risk as follows:

in $ '000	Level 1	Level 2	Level 3	Total
Financial assets held for trading				
Derivatives	-	3,214	-	3,214
Financial assets designated at fair value				
Debt securities	30,772	-	-	30,772
Equity securities	13,393	15,149	224,940	253,482
Third party funds	76,490	7,555	391,880	475,925
Convertible loans	-	967	6,622	7,589
Investment related loans	-	-	2,219	2,219
Total assets	120,655	26,885	625,661	773,201
Financial liabilities at fair value through profit and loss				
Financial liabilities held for trading				
Derivatives	-	1,226	-	1,226
Total liabilities		1,226	-	1,226

Reconciliation of level 3 items

	Financial assets at fair value through profit and loss				
In $ '000	Equity securities	Third party funds	Convertible loans	Investment related loans	Total assets level 3
At January 1, 2010	241,820	333,932	5,132	8,299	589,183
Profit or loss	34,430	37,534	(368)	(5,443)	66,153
Other comprehensive income	(5,455)	(2,034)	(209)	(539)	(8,237)
Additions	30,949	69,188	3,462	79	103,678
Disposals	(72,379)	(46,740)	-	(10)	(119,129)
Transfers	664	-	(428)	(236)	-
Transfers in Level 3	16,159	-	-	69	16,228
Transfers out of Level 3	(21,248)	-	(967)	-	(22,215)
At December 31, 2010	224,940	391,880	6,622	2,219	625,661
Total gains for the year included in profit or loss for assets held at December 31, 2010	20,766	37,124	701	-	58,591

35.4.4) Financial instruments not measured at fair value

As at December 31, 2011 the Senior Bond interest-bearing liability has an estimated fair value of USD 202.4 million compared with the carrying amount of USD 193.9 million.

For all other financial intruments measured at amortized cost, notably loans to banks and bank customers, other receivables, deposits from banks and bank customers, other liabilities and interest-bearing liabilities, the carrying amount is a reasonable approximation of fair value.

35.5) Capital management

Quilvest Switzerland (QVS), Quilvest Banque Privée (QBP) and CBP Quilvest, the three Wealth Management structures of the Group, are subject to capital adequacy requirements by their respective control authorities. In 2011, the three entities had to apply the Basel II requirements.

At reporting date, the capital adequacy ratios are:

in $ million	CBP	QVS	QBP
Total regulatory capital	37.5	35.9	7.4
Capital required for credit risks	10.7	9.9	2.0
Capital required for market risks	-	8.1	-
Capital required for operational risks	2.8	6.4	2.7
Total capital required	51.0	24.4	4.7
Capital adequacy ratio 2011	22.3%	11.7%	12.5%

According to the applicable legal requirements, capital has to be at least equal to 8% of risk weighted assets. This requirement is met for the three Wealth Management structures at reporting date. The capital adequacy ratio at end 2010 was respectively 10.5% for QVS and 17.4% for QBP, in respect with the requirements of the local supervisory authorities.

36) Contingent Liabilities, Commitments and Assets under management

in $ '000	2011	2010
Acceptances and endorsements	-	2,798
Guarantees and assets pledged as collateral security	27,767	26,940
Commitments arising out of derivatives transactions	1,041,917	193,448
Fiduciary operations	788,189	849,667
Open commitments related to Private Equity acquisitions	313,538	245,553
Total Contingent Liabilities and Commitments	2,171,411	1,318,406

In addition to fiduciary operations, the Group manages assets on behalf of third parties through the Wealth Management business and through the Private Equity business. Total assets under management, including Group investments and client open commitments, amount to approximately USD 18.1 billion as at December 31, 2011 (approximately USD 12.7 billion as at December 31, 2010).

Notes to the Consolidated Financial Statements (continued)

37) Group Employment

	2011	2010
Number of employees at year end	363	268
Full time equivalent employment at year end	355	260
Average full time equivalent employment in the year	342	247

The employment figures exclude the personnel of the controlled Private Equity investments (refer to note 25).

38) Related Parties

Certain subsidiaries in the Wealth Management segment, as part of their normal business activities, provide family office services to some members of the Board of Directors and senior management. The fees for their services are charged at arm's length.

Management remuneration

Key management personnel is defined within the Group as directors and senior executive employees who are playing a decisional role on strategic and operating Group level.

Key Management personnel reflects the changes in scope due to the acquisition of Compagnie de Banque Privée Quilvest.

Director's and management's remunerations are included respectively in the "Other administrative expenses" and "Personnel" items detailed in note 28.

A list of the members of the Board of Directors is shown on page 3 of the General Section of the annual report.

in $ '000	2011		2010	
	Management and Executive directors	Non-executive directors	Management and Executive Directors	Non-executive directors
Short-term employee benefits				
- fixed	8,197	1,503	6,465	1,300
- variable	5,113	-	1,391	-
Post-employment benefits				
- fixed	725	-	418	-
- variable	-	-	-	-
Other long-term benefits				
- fixed	-	-	-	-
- variable	1,016	-	1,657	-
Total Management remuneration	15,051	1,503	9,931	1,300

The carried interest paid in 2011 to key management personnel amounts to USD 1,034,023 , compared to USD 3,400,354 in 2010.

Other carried interest received in 2011 by key management personnel amounts to USD 194,388, compared to USD 788,626 in 2010.

39) Subsequent events

At the date of issue of this report no subsequent events were identified.

Report of the Réviseur d'Entreprises agréé to the shareholders
on the annual accounts

Report on the annual accounts

Following our appointment by the General Meeting of the Shareholders dated June 10, 2011, we have audited the accompanying annual accounts of QUILVEST S.A., which comprise the balance sheet as at December 31, 2011 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position QUILVEST S.A. as of December 31, 2011, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Luxembourg, April 27, 2012

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

Thierry Ravasio

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R.C.S. Luxembourg B 149133

QUILVEST

Balance Sheet

ASSETS

as of December 31, 2011			In $
	Notes	2011	2010
Fixed Assets			
Tangible assets	4		
Other fixtures and fittings, tools and equipment		8,343	13,537
Financial assets	5		
Shares in affiliated undertakings	5.1	340,568,011	319,481,791
Loans to affiliated undertakings	5.2	267,075,264	270,536,191
		607,643,275	590,017,982
		607,651,618	590,031,519
Current assets			
Debtors			
Trade debtors			
becoming due and payable within one year		57,216	-
Amounts owed by affiliated undertakings			
becoming due and payable within one year		2,975,021	388,055
Other debtors			
becoming due and payable within one year		-	304,329
becoming due and payable after more than one year		89,549	-
Cash at bank		1,843,383	19,986,624
		4,965,169	20,679,008
Prepayments		48,373	4,840
TOTAL ASSETS		612,665,160	610,715,367

The accompanying notes form an integral part of these annual accounts.

Balance Sheet

LIABILITIES

as of December 31, 2011 — In $

	Notes	2011	2010
Capital and reserves	6		
Subscribed capital	6.1	44,989,630	44,989,630
Share premium and similar premiums		110,248,614	110,248,614
Reserves			
Legal reserve	6.2/6.3	4,498,963	4,498,963
Profit or loss brought forward	6.3	200,093,598	(10,017,833)
Profit or loss for the financial year	6.3	(21,727,786)	231,077,831
		338,103,019	380,797,205
Non-subordinated debts	7		
Debenture loans			
Non-convertible loans	7.1		
becoming due and payable within one year		977,393	1,005,736
becoming due and payable after more than one year		225,841,538	225,841,538
Amounts owed to credit institutions			
becoming due and payable within one year		10,220,782	-
Trade creditors			
becoming due and payable within one year		280,720	34,467
Amounts owed to affiliated undertakings			
becoming due and payable within one year		6,942,082	1,370,770
becoming due and payable after more than one year	7.2	28,625,391	-
Tax and social security debts			
Tax debts		145,122	260,903
Social security debts		11,959	60,297
Other creditors			
becoming due and payable within one year		1,517,154	1,344,451
		274,562,141	229,918,162
TOTAL LIABILITIES		612,665,160	610,715,367

The accompanying notes form an integral part of these annual accounts.

Quilvest

Profit and Loss Account

Charges

as of December 31, 2011			In $
	Notes	2011	2010
Other external charges		5,406,402	2,200,050
Staff costs	8		
Wages and salaries		938,827	946,097
Social security costs		72,367	94,071
Social security costs relating to pensions		183,099	51,651
Value adjustments			
on formation expenses and on tangible and intangible fixed assets		5,194	8,574
Other operating charges	9	1,158,676	1,641,420
Interest payable and similar charges			
concerning affiliated undertakings		60,343	-
other interest and similar charges	10	19,426,945	24,335,670
Extraordinary charges	11	-	942,000
Tax on profit or loss		2,265	-
Other taxes not included in the previous caption		545,776	10,364
Profit for the financial year		-	231,077,831
		27,799,894	261,307,728

Income

as of December 31, 2011			In $
	Notes	2011	2010
Net turnover	12	3,322,892	320,000
Other operating income		-	50,000
Other interests and other financial income			
derived from affiliated undertakings		-	1,853,554
other interest receivable and similar income		2,737,705	1,007,467
Extraordinary income	13	11,511	258,076,707
Loss for the financial year		21,727,786	-
		27,799,894	261,307,728

The accompanying notes form an integral part of these annual accounts.

Notes to the annual accounts

1. General

Quilvest S.A. (the "Company") was incorporated on 25 October 1888 with the Luxembourg Registration Office-Company Register number B 6091. The Company's registered office is established in 84 Grand-Rue, L-1660 Luxembourg.

The Company is registered as a "Société Anonyme" under the laws of the Grand-Duchy of Luxembourg. The Company changed its status from a Holding 1929 to a SOPARFI further to the Extraordinary General Meeting held on December 8, 2010 coming into force as of January 1, 2011.

The purpose of the Company is the business directly or indirectly related to the taking of participations, in any form whatsoever, in Luxembourg or foreign corporations or other business entities, the administration, management control, and development thereof.

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

The Company prepares consolidated financial statements, which are published in accordance with the provisions of the Luxembourg law.

2. Comparative financial data

Following the change of status of the Company, the layout of the balance sheet and profit and loss account has been amended. Accordingly, the figures for the year ended December 31, 2010 have been reclassified to ensure comparability with the figures for the year ended December 31, 2011.

3. Summary of significant accounting policies

3.1 Basis of preparation

The annual accounts have been established in conformity with the provisions of Luxembourg law, with generally accepted accounting principles and in the format applicable to Luxembourg commercial companies.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions have changed. The Board of Directors believes the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes to the annual accounts (continued)

3.2 Significant accounting policies

3.2.1 Foreign currency translation

The accounts of Quilvest S.A. are expressed in USD and the accounting records are maintained in that currency.

Income and expenses expressed in a currency other than USD are recorded on the basis of the exchange rate prevailing on the respective transaction dates.

Assets (excluding tangible fixed assets and shares in affiliated undertakings) and liabilities expressed in a currency other than USD are translated at the year-end rate.

Only realized exchange gains and losses and unrealized exchange losses are included in the result of the financial year.

3.2.2 Tangible assets

Tangible assets are valued at purchase price including the expenses incidental thereto. Tangible fixed assets are depreciated over their estimated useful economic lives on a straight-line basis.

The depreciation rates are as follows: Furniture 20 %

Where the Company considers that a tangible fixed asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect the loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

3.2.3 Financial assets

Shares in affiliated undertakings and loans to these undertakings are valued at purchase price / nominal value (loans and claims) including the expenses incidental thereto.

In case of a durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Notes to the annual accounts (continued)

3.2.4 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

3.2.5 Prepayments

This item includes expenditures incurred during the financial year but relating to a subsequent financial year.

3.2.6 Non-subordinated debts

Debts are recorded at their nominal value.

3.2.7 Net turnover

The net turnover comprises the amounts derived from the provision of services falling within the Company's ordinary activities.

4. Tangible assets

The analysis of the movement of tangible assets for the year ended December 31, 2011 is as follow:

Other fixtures and fittings, tools and equipment in USD	
Gross book value - opening balance	42,868
Additions for the year	-
Disposals for the year	-
Transfers for the year	-
Gross book value - closing balance	42,868
Accumulated value adjustment - opening balance	(29,331)
Allocations for the year	(5,194)
Reversals for the year	-
Transfers for the year	-
Accumulated value adjustment - closing balance	(34,525)
Net book value - closing balance	8,343
Net book value - opening balance	13,537

Notes to the annual accounts (continued)

5. Financial assets

In May 2011, the Company bought 15,750 shares of Compagnie de Banque Privée S.A. for an acquisition amount of 51’518’250 EUR (76’427’501 USD).

The Company sold during May 2011, 11’012 shares of Compagnie de Banque Privée S.A. for an amount of 36’020’252 EUR (53’436’168 USD).

In May 2011, through a contribution in kind consisting of 4’738 shares of Compagnie de Banque Privée S.A., the Company subscribed to 10’332 Class Q shares of Quilvest Wealth Management S.A. The value of the contribution in kind 15’497’998 EUR (22’991’333 USD): 10’332’000 EUR are allocated to the share capital and 5’165’998 EUR to the share premium account. In December 2011, the Company subscribed in cash to the increase of the share capital of Quilvest Wealth Management S.A. The cash contribution was equal to EUR 138,462 (184’436 USD): EUR 5,000 has been allocated to the share capital, represented by 5 Class Q shares and EUR 133,462 to the share premium account. In December 2011, the Company signed a settlement agreement with all the shareholders of Quilvest Wealth Management S.A. which mentioned that the Group Quilvest will receive an indemnity from the third parties in the amount of EUR 800,000. Therefore, the Company decided to reduce the cost of this participation in proportion of its holding percentage, in the amount of EUR 69,280 (89’549 USD). The total participation cost of Quilvest Wealth Management S.A. amounts to 15’567’180 EUR (23’086’220 USD).

In December 2011, the Company as sole shareholder, decided to reduce Quilvest & Partners S.A. share capital by an amount of 2’000’000 USD, by the cancellation of two 2’000’000 shares, to bring the share capital from 3’219’560 USD down to 1’219’560 USD.

The analysis of the movement of financial assets for the year ended December 31, 2011 is as follow:

	Affiliated undertakings		
in $	Shares	Loans	Total
Gross book value - opening balance	319,481,791	270,536,191	590,017,982
Additions for the year	99,603,270	26,640,307	126,243,577
Disposals for the year	(78,517,050)	(30,101,234)	(108,618,284)
Transfers for the year	-	-	-
Gross book value - closing balance	340,568,011	267,075,264	607,643,275
Accumulated value adjustment - opening balance	-	-	-
Allocations for the year	-	-	-
Reversals for the year	-	-	-
Transfers for the year	-	-	-
Accumulated value adjustment - closing balance	-	-	-
Net book value - closing balance	340,568,011	267,075,264	607,643,275
Net book value - opening balance	319,481,791	270,536,191	590,017,982

Notes to the annual accounts (continued)

5.1 Shares in affiliated undertakings

Name of undertaking	Registered office	Purchase price (USD)	Proportion of capital held (in %)
Quilvest Europe S.A.	84, Grand Rue L-1660, Luxembourg	316,262,231	100
Quilvest & Partners S.A.	84, Grand Rue L-1660, Luxembourg	1,219,560	100
Quilvest Wealth Management S.A.	7, rue Thomas Edison, L-1445 Strassen	23,086,220	5.74

In accordance with article 67 (3) (a) of the law of December 19, 2002, the amount of capital and reserves and profits and losses for the last financial year for which the accounts have been drawn up is omitted.

5.2 Loans to affiliated undertakings

Amounts owed by affiliated undertakings are mainly made of two non-interest bearing loans of up to EUR 100,000,000 and USD 300,000,000 between the Company and Quilvest Europe S.A. for a 60 year period. As at 31 December 2011, the balance is EUR 39,658,152 (USD 51,260,818) (in 2010: EUR 55,489,452 (USD 73,803,746)) and of USD 215,814,446 (in 2010: USD 196,732,445) respectively.

6. Capital and reserves

6.1 Subscribed capital

As of December 31, 2011, the Company's authorised share capital is USD 100,000,000 represented by 14,794,520 shares without nominal value, of which USD 44,989,630 represented by 6,656,000 shares without nominal value are issued and fully paid.

As at December 31, 2011, 32,264 Quilvest shares (in 2010: 27,673) are held by the subsidiaries of the Parent Company and therefore no restricted reserve has been constituted in the annual accounts.

During the year 2011, the Company's direct or indirect subsidiaries acquired 4,591 (2010: 13,404) additional treasury shares for a total amount of USD 501,400 (2010: USD 1,337,240) and sold no treasury share (2010: 15,622 treasury shares for an amount USD 1,894,685).

6.2 Legal reserve

The Company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Notes to the annual accounts (continued)

6.3 Movements for the year on the reserves and profit and loss items

The movements for the year are as follows:

in $	Legal reserve	Profit or loss brought forward	Profit or loss for the financial year
As at December 31, 2010	4,498,963	(10,017,833)	231,077,831
Movements for the year:			
2010 result brought forward	-	210,111,431	(210,111,431)
Dividend	-	-	(20,966,400)
Loss for the financial year	-	-	(21,727,786)
As at December 31, 2011	4,498,963	200,093,598	(21,727,786)

7. Non-subordinated Debts

7.1 Non-convertible loans

On December 7, 2009, the Company issued 3,000 non-convertible bonds at a nominal price of EUR 50,000 each, with coupons attached on issue, bearing an interest rate of 8% p.a., payable semi-annually in arrear as of June 7 and December 7, commencing on June 7, 2010 and maturing in 2014.

The bonds mature 5 years from the issue date at the nominal value. The bonds and coupons constitute senior, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves.

The accrued interest as at December 31, 2011 amounts to EUR 756,164 (USD 977,393) (2010: EUR 756,164 (USD 1,005,736)).

7.2 Amounts owed to affiliated undertakings becoming due and payable after more than one year

Amounts owed to affiliated undertakings becoming due and payable after more than one year are mainly composed of advances made by affiliated companies without interest and for an undefined period.

8. Staff costs

As at December 31, 2011, the average full time working employees were 4 (in 2010: 5).

9. Remuneration of the Board of Directors

The emoluments granted to members of the Board of Directors in the amount of USD 1,145,000 (in 2010: USD 1,484,920) are included in the other operating charges.

Notes to the annual accounts (continued)

10. Other interest and similar charges

The other interest and similar charges include mainly the interest expense of EUR 12,000,000 (USD 16,619,631) (in 2010: EUR 12,000,000 (USD 15,131,744)) in relation to the senior bond financial liability and realized and unrealized exchange losses of USD 2,662,399 (in 2010: USD 9,203,497).

11. Extraordinary charges

In 2010, the extraordinary charges included a loss on contribution in kind of investments in the amount of USD 942,000.

12. Net turnover

Net turnover is broken down by category of activities and into geographical markets as follows:

in $	2011	2010
Categories of activities		
Administrative services	1,855,614	320,000
Consultancy services	408,010	-
Internal audit services	5,493	-
Reinvoicing fees	1,053,775	-
	3,322,892	320,000
Geographical markets		
Luxembourg	2,838,630	320,000
France	144,538	-
Spain	30,898	-
Switzerland	268,966	-
British Virgin Islands	39,860	-
	3,322,892	320,000

The majority of those services are rendered to affiliated undertakings.

13. Extraordinary income

In 2010, the extraordinary income included a gain on contribution in kind of investments in the amount of USD 258,076,707.

14. Taxation

The Company is subject to the general tax regulations applicable to all companies in Luxembourg.

15. Off-balance sheet commitments

As of December 31, 2011, the Company issued two letters of guarantee in favour of a bank for a credit line of USD 10,500,000 committed to a fund dedicated to Quilvest's employees and sponsored by the Company and for another credit line of EUR 12,000,000 committed to Quilvest Finance Ltd.

QUILVEST

Earnings and Allocations

PROPOSAL	in $
• Loss for the financial year	(21,727,786)
• Share Premium	-
Total proposed allocation	(21,727,786)

PROPOSED ALLOCATION AND DISTRIBUTION	in $
• Loss brought forward	(21,727,786)
• Gross dividend payment	-
Total	(21,727,786)

The Board of Directors proposes to carry forward the loss.

No delegation of task was made by the Board of Directors to any of its members and accordingly no salary, allocation or remuneration was paid except as stated in Article 14 of the Articles of Association.

A gross remuneration of USD 1,145,000 will be proposed for the year 2011.

QUILVEST

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